



MPF MEMBERS' RESEARCH: UK LEADERS AND MANAGEMENT TEAMS Struggling with Strategy

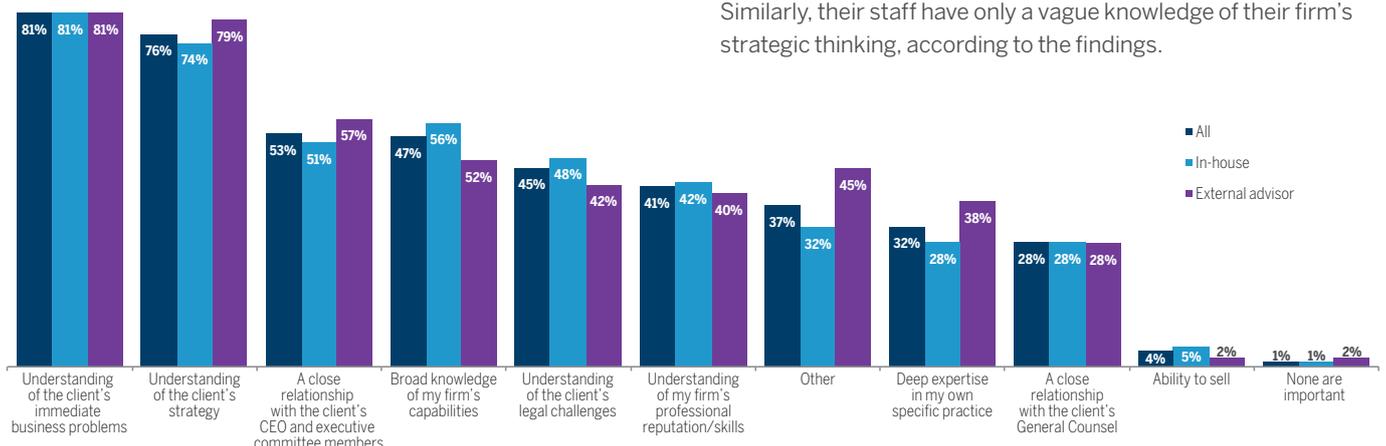
As trusted advisors, professional services firms are focused on developing strategies for their clients but are neglecting their own strategic considerations, research by FTI Consulting shows. This, alongside other changes, means that firms need to start working harder at their own strategies to stay ahead of events – and the competition.

Professional services firms believe that “trusted advisor,” relationships with their clients are critical to their own business success. They consider understanding their client’s immediate business problems to be their most important area of expertise, according to 81% of the MPF members who took part in FTI Consulting’s research.

Graph 1: Characteristics of a “Trusted Advisor”

Q. Which of the following characteristics are particularly important to you when considering a “trusted advisor” to work with? (Please select all that apply)

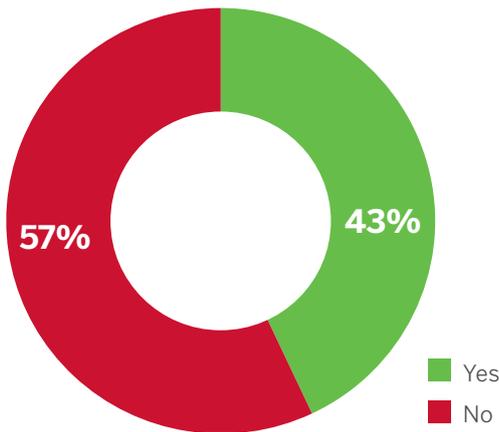
The survey of more than 200 members of the Managing Partners' Forum reveals that although “strategy” was regarded as the second most important area of expertise, many of these firms are giving little attention to their own strategies. This neglect of an essential element of running a business could well have serious consequences for many firms’ ability to compete in the market place and their success in meeting long term challenges. Similarly, their staff have only a vague knowledge of their firm’s strategic thinking, according to the findings.



Professional services firms regard providing advice on the development and implementation of strategy as an essential part of their role. However, over half (57%) of respondents working in-house claim that their firm doesn't have an internal role with 'strategy' in the job title or representing a substantial part of their role.

Graph 2: Role of Strategy Personnel

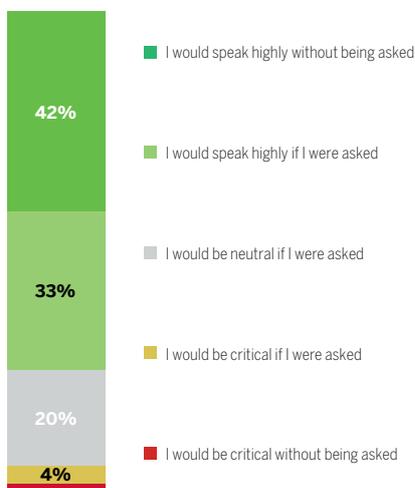
Q. Does your organisation employ someone, working in an internal role, with "Strategy" in their job title or with "Strategy" representing a substantial part of their role? (Please select one response)



Although three quarters (76%) believe that understanding their clients' strategy is the most important characteristic for them to act as a trusted advisor, just 13% strongly agree that employees understand their own organisation's strategy and how they can contribute to achieving it. It is therefore perhaps surprising that 42% would speak highly about their organisation's strategy in public without being asked, with 75% overall showing positive sentiment towards it.

Graph 3: Perception on Strategy

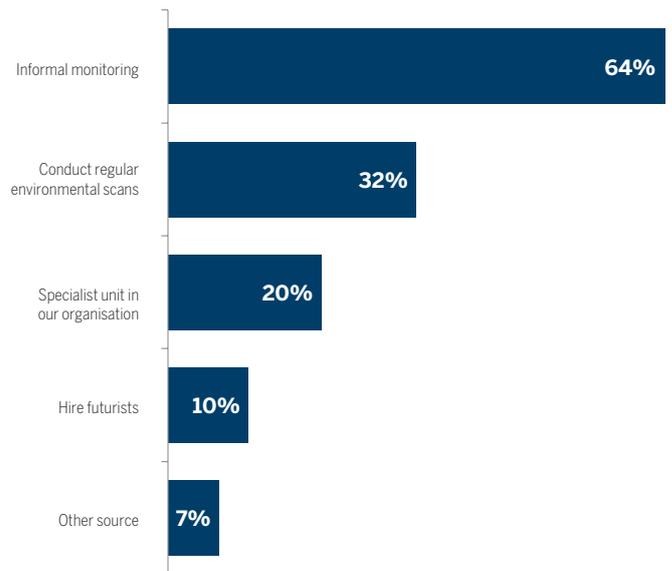
Q. Which of these phrases best describes the way that you would speak externally about your organisation's strategy? (Please select one response)



The research also reveals the extent to which those working in house use casual and informal activities rather than more rigorous, substantial procedures to ensure that their strategy is on course. While around two thirds (64%) use informal monitoring to track external trends that might result in the need to revise the current strategy, half that number (32%) conduct regular environmental scans and just one in five (20%) have a specialist within their organisation. Only one in ten (10%) hire futurists to carry out this work.

Graph 4: Tracking External Trends that Impact Strategy

Q. How do you track external trends that might result in the need to revise the current strategy? (Please select all that apply)

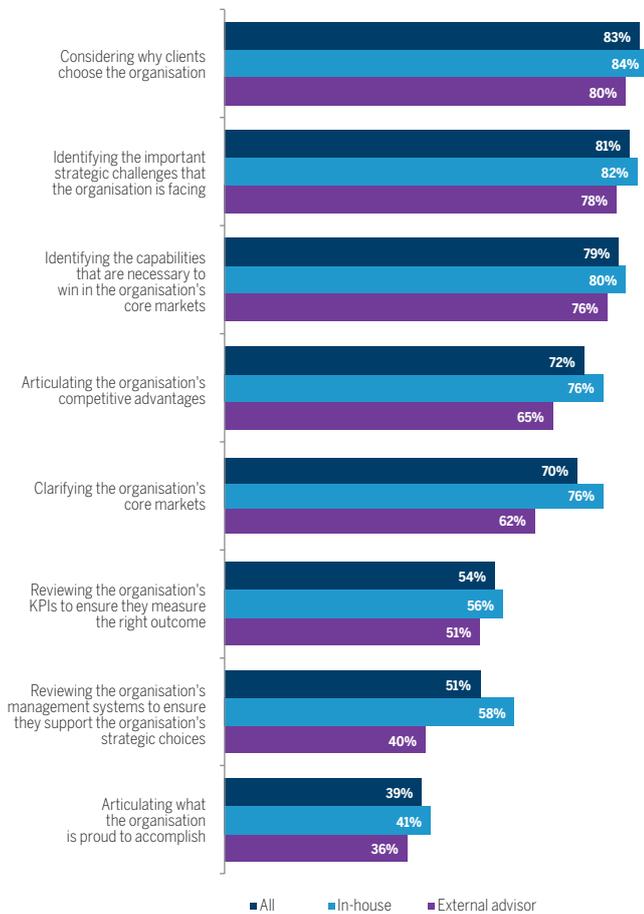


Strategy essential to win clients

Given the work that they do for their clients, employees of professional services firms are clearly aware of the importance of having a strategy. Asked, "Which of the following activities do you consider are particularly important to help develop a coherent strategy for an advisory organisation?" 81% agreed with the statement: "identifying the important strategic challenges that the organisation is facing", whilst "considering why clients choose the organisation" was seen as most important (83%).

Graph 5: Considerations when Developing Strategy

Q. Which of the following activities do you consider are particularly IMPORTANT to help develop a coherent strategy for an advisory organisation? (Please select all that apply)



However, despite this realisation of the significance of strategic planning to meet challenges, the survey also finds that only around a half (51%) of those asked regard their firm as being very effective at identifying the strategic challenges that the organisation is facing. This figure is of particular concern considering the significant challenges that professional services firms face over the coming months and years, principally because of Brexit, but also due to changes such as new technology and new and increasing regulation.

Similarly, the lack of a clear, regularly updated and effectively communicated strategy in many firms is illustrated by the finding that just a quarter (25%) of respondents strongly agree that their firm's decision making process is fast enough. This suggests that many are not sufficiently agile and prepared to avoid new threats and to exploit opportunities quickly as they arise.

Loyalty a thing of the past?

The continuing emergence of a new, unpredictable trading environment is clear from the results of the survey. Less than half (48%) strongly agreed that their customers are loyal. This vividly demonstrates how clients have ever higher expectations of their trusted advisors and how the market is becoming more competitive. Firms must ensure that they are ready to adapt and introduce new services to retain their increasingly demanding, restive clients while also ensuring that they have a strategic plan in place to take into account the termination of contracts.

Professional services firms seem to be suffering from the plumber's tap syndrome: while they regard developing and implementing a strategy as the essential focus on their work with clients, many are worryingly vague and lacking in direction when it comes to own strategies.

At a time of significant disruption in the professional services sector, those firms that can, in effect, act as trusted advisors to themselves in order to develop and implement a strategy that can take advantages of the new opportunities that arise while avoiding the threats will gain an advantage over the competition.

- Three quarters of respondents (76%) consider the understanding of a client's strategy as particularly important when considering a "trusted advisor" to work with.
- 4 in 10 would speak highly about their organisation's strategy in public without being asked
- A third (32%) conduct regular environmental scans to develop their strategy and just one in five (20%) have a specialist within their organisation.
- While 81% believe identifying the important strategic challenges that the organisation is facing is important for developing a coherent strategy for an advisory organisation, just around a half (51%) of those asked regard their own firm as being very effective at "identifying the strategic challenges that the organisation is facing."

RESEARCH METHODOLOGY

This research was conducted online by FTI Consulting's Strategy Consulting & Research team from 13th February – 10th March 2017, involving n=204 members of MPF participating in the research. Of this number, n=129 respondents work in-house for an advisory organisation, and a further n=75 respondents work as an external adviser capacity to one or more advisory organisations.

Further information on the results and methodology can be obtained by emailing dan.healy@fticonsulting.com

Please note that the standard convention for rounding has been applied and consequently some totals do not add up to 100%

Research conducted by FTI Consulting
for MPF with their members.



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