



## Managing Partners' Forum

### People and Culture: shaping your firm for the future

The Forum's June 2017 Summit on people and culture, kindly hosted by BLP, discussed how diversity of thought helps businesses fight groupthink and embrace digital disruption. The presentations by leading thinkers from two professional services giants were refreshing, inspiring and relevant to everyone in the current business environment and certainly offered food for thought, as was demonstrated by the lively panel discussion and Q&A that followed.

Digital disruption is inevitable, and the consequences are unpredictable. Andrew Grill, global managing partner at IBM consulting, and practical futurist is inspired by three individuals who changed society because they thought differently: Thomas Watson, IBM's founder who coined the strapline 'Think'; Steve Jobs' 1997 'Think different' campaign for Apple, and Arthur C Clarke's 1974 prediction that by 2001 people would have consoles in their houses that allowed them to communicate, find information and make.

This is great, but how does it relate to business strategy? Diversity of thought will help your business survive digital disruption. What happens to businesses that do not change with the times? Three well-known examples are Blockbuster, Kodak and Nokia. We don't rent videos; we don't have Kodak moments and we all have smartphones! In fact, 52% of Fortune 500 companies in 2000 no longer exist.

Thinking differently underpins the 21<sup>st</sup> century's successful business model: in 20 years, Amazon has achieved 63,990% growth. By combining three resources that others had developed – the internet; transportation; and payment processing – Jeff Bezos transformed the retail and IT industries (with Amazon Web Services). How does he keep his business thinking differently? Bezos believes that if you need more than two pizzas to feed a project team, the team is too big and you get groupthink.

Digital disruption is exponential. New business models are overturning incumbents in multiple industries. WhatsApp is superseding SMS messages; Qantas package holidays offer an Airbnb option – but it also offers hotels. The Hilton app offers anytime online check-in – and you can choose your room! New business models are customer-driven.

Why is it happening? Digital disruption brings together business drivers – opportunities to make high profit; new technology; client demand – at the right time. Consumers are ready; economic conditions favour innovation and, crucially, the technology finally works.

Incumbent businesses need to embrace and adjust, or get left behind. This means helping people through cultural change. To get digital, you have to be digital. Here are some ways to change organisational thinking:

- Start at the top! Build a diverse board with at least two ‘digital thinkers’ who will challenge the status quo
- Stay connected – work out loud and share
- Get agile – work quickly and learn to try things and fail fast
- Think like a start-up (with no marketing budget!) and if you can’t, share a workspace with start-ups (like Barclays have done)
- Employ millennials – and take notice of them. They will try anything once and they may bring new ideas
- Try digital technologies!
- Start today – what can you do this week?

The second speaker, Fleur Bothwick, is E&Y director of diversity and inclusion for EMEA – 99 countries in Europe, the Middle East, India and Africa – and co-author of ‘Inclusive Leadership’ with Charlotte Sweeney. Her presentation drilled down into the practical detail of applying diversity of thought and inclusivity to team building. Building the right teams is a critical success factor for organisations future proofing their businesses for the 21<sup>st</sup> century workplace, which is being reshaped by widespread take-up of intelligent automation and the gig economy. Businesses need to learn how to get the best from freelance workers who may be working elsewhere later in the week.

The best teams are diverse and well organised – you have only to look at a football pitch, where everyone knows their position and what they’re supposed to do.

Like Grill, Bothwick offered practical advice on where to start getting things right.

- Establish a baseline – what do you want to achieve and why? Cascade awareness
- Use internal data to establish accountability and track progress
- Identify meaningful changes – does unconscious bias training make a difference? EY has a tool that people use in meetings to determine the impact of unconscious bias
- Identify enablers – for example, mentoring and sponsorship. Sponsorship is what happens when you’re not in the room! EY senior partners sponsor high-performance minority workers, helping them become more visible in the organisation
- Recognise and reward role models - encourage and respond to dissent
- Encourage and respond to suggestions for doing things differently
- Set milestones and celebrate them!

Derek Hrydziuszko, a partner at BLP, and a diversity champion joined Grill and Bothwick for a panel discussion that focused sharply on gender diversity and unconscious bias. Moderator Luan de Burgh agreed with Bothwick that women were limited by the realisation that they were more likely than men to be criticised for personal qualities such as their speaking style and accent.

Questions from the floor related to the correlation between partnership and leadership in professional services. Whereas women are comfortable as functional leaders, the partnership role was perceived as a barrier to inclusivity – McKinsey

found that a man was 10 times more likely than a woman to become a law firm partner, whereas in accountancy it was three times – so it was important not to let the professional services hierarchy become a barrier to diverse thinking and diverse teams. Why? Because, as Bothwick’s research found, diverse teams are generally more profitable and produce better quality work. This was one factor supporting diversity as a differentiator when it came to business pitches.

Furthermore, diversity of thought enables agile businesses to act quickly to incorporate great suggestions, no matter who makes them, and profit from digital disruption. Grill offered the example of a 25-year-old colleague at IBM who submitted an expenses claim for an Uber which was rejected. He followed this up with a petition on the firm’s website and the company policy was changed to include Uber. In response to a question from the floor about big businesses thriving because they build on their achievements rather than discarding them, Grill clarified his position to say that he was not advocating throwing out what’s good about the partnership model for professional services: rather, he was reiterating the importance of diversity of thought, allowing constructive criticism to change things and finding space to test new ideas, which can sometimes mean failing fast. Without pragmatism, he said, the partnership model will crumble in the face of digital disruption.

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