

## WHY IT'S SO RISKY FOR PROFESSIONAL SERVICES FIRMS TO AVOID CHANGE



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Not long ago, I conducted a workshop for accountants on the topic of culture change. This is a topic of great interest to them and an area we know really well at [Simon Associates Management Consultants](#). Simultaneously, we have been hearing our clients in the professional services industries all talking about their cultures and how they need to change them.

They know they are going to have to change their cultures but are perplexed about what their culture is today and what they want it to become in the future, much less how to

change it so it works for the future. On top of that, they're feeling great pressure. The future is coming fast and they're not sure what to do to get ready for it.

They are not alone.

**Despite how people love the abstract notion of change, when it happens, they hate it.**

Whether you're a law firm, an accounting office, a physicians' group or a marketing consulting agency like our own, change is all around you and requires some big shifts in how you do things. But adapting to new technology and new business environments and new generations' approach to working is bumping up against [people's willingness to change](#) and their understanding of what this thing called "culture" really is.

Changing corporate culture is particularly difficult because the human brain is designed to rely on habits and certainty. When people hear the words, "We have to change the way we do things here," their brains immediately look for ways to protect the status quo.

We've produced a webinar (click [here](#)) to help explain how to bring about lasting change:



**With professional services firms, knowing what has to change and then putting those changes into practice are particularly tricky challenges.**

Due to the nature of their jobs, these professionals deal with risk every day. In their eyes, moving away from their tried and true procedures for the sake of change is a risky undertaking. It could jeopardize their comfortable roles, the makeup of their company and

their careers. Each person will be reluctant to redesign their culture and accept the new. In fact, they'll fight to prevent it.

Yet despite this resistance to change, cultural change is happening in service firms mainly because like it or not, internal and external factors in the industry are making it a necessity.

To understand how these forces are reshaping culture in service firms, here's a brief overview that can help.

## Challenges of changing a culture

Currently, there are a number of challenges that make changing company culture difficult for service firms. First, it is human nature to resist change. Rosabeth Moss Kanter has written one of the classic articles on the subject that I like to refer people to: "[Ten Reasons People Resist Change](#)." She says that people run from opportunities posed by change because they:

1. Don't want to lose control
2. Fear uncertainties
3. Hate surprises
4. Everything seems different, which it is
5. Loss of face
6. Fears of incompetence
7. More work
8. Ripple effect
9. Past resentments
10. A real threat

So if this is why people resist change, how can you turn those hurdles or obstacles into opportunities for building a better business?

In service firms, professionals self-select their careers, then pursue specific formal education, training and certification. As they move into their jobs, they find companies where they feel they fit the best. We often say "birds of a feather flock together." People look for others that mirror them. They join firms where people talk like they do, dress like they do, behave like they do. They look for an environment where they feel they share common values, beliefs and ways of doing things...i.e., culture.

Once they find it, they become it. Literally, the job and the way they do it become part of their story, and that story creates the reality which they live every day. Their company culture becomes the "essence" of who that person is.

It is not the jacket or skirt they wear, or don't wear, which serve as outward statements of personal identity and collective belonging. It goes far deeper. It is their world view and the stories they tell each other every day about who they are, how the work gets done and how great their firm is.

To add another layer, service firms are typically built as top-down hierarchical cultures. These favor commands, rules and authority, and each employee is accountable to their superior.

These kinds of structures leave little room for change since there is a lack of flexibility, teamwork and open interaction among subordinates and leaders. Empowerment is too risky. Teamwork is not comfortable. They may be very successful because they are market-driven and strive to outperform their competitors. But they are not usually open to new ideas or becoming the "leading" edge in innovation.

These systems worked well in the past. So why change them? What has changed?

### Why does culture need to change in service firms today?

Three major trends are pressing service organizations to change, and fast:

- Technology
- Clients are changing faster than they are
- Generational shifts are pushing the changes forward

**Digital Transformation.** The digital transformation is bringing incredible changes to these types of businesses, and this is just the beginning. Previous work flows and timelines may no longer apply. New technologies are streamlining business processes throughout the organization. It doesn't matter if it is a new ERB, a new QuickBooks online service, an SAS investment that eliminates the need for earlier outdated systems, or the automation of systems for doing everything from contracts to tax returns. Each new technology requires work flows to adapt, along with the people who did the work beforehand.

**Changing Clients.** Service firms' clients are changing as well. Today's new business environment continues to reshape their customers, whether they are business clients or consumers. They too are changing how they work, what they value and what they want from their professionals.

Modern clients are no longer passive, but active participants who dig into the internet to find answers to their own questions so they can make well-informed choices. They communicate with their professionals differently, no longer blindly following their advice.

They now want someone who is knowledgeable but who can discuss options and welcomes collaborative input.

This has led clients to shift their priorities from price and personal relationships to quality, experience, speed and ease. They call their professionals at all hours of the night, wanting information or guidance, and expect support whenever they need it.

Just as the professionals we discussed earlier who look to join firms with cultures they feel comfortable with, clients also look for firms that share a similar culture, aligned with their beliefs and opinions. Do you now need to [rethink your client?](#)

**Generational Changes.** Immense changes have also affected the new generation of professionals entering the workforce. Statistics reveal that Millennials already hold the [largest share of the labor force](#) in the United States, but unlike previous generations, they seek jobs based on a number of criteria. For them, pay and benefits hold as much importance as job engagement and career development.

Not only that, [over half of Millennials](#) feel loyalty is overrated and have no problem leaving a company if they feel unsatisfied with their current position. One HR officer told us that his employees expected to hold 16 different jobs before they thought about retiring.

Clearly, for service firms, change is inevitable. And without a clear cultural direction that permits people across many generations to adapt to new business environments, companies can end up missing out on hiring top talent in their industry, generating income from new clients, and even retaining existing ones. With the wrong culture, many businesses will struggle to sustain a positive bottom line.

## How to transform your culture

Changing corporate culture is a slow process. But it can happen, even in professional services firms.

At [SAMC](#), we like to use the [Organization Culture Assessment Instrument](#) (OCAI) to help organizations evaluate their culture today and what they want it to become in the future. You can try it for yourself here ([www.ocai-online.com](http://www.ocai-online.com)) to better understand your current culture and the one you wish it could become.

As [culture change experts](#), we have written and spoken widely on the topic of organizational change. Here are 3 highly informative blogs you might find of value:

- [Change Might Be Exactly What Your Organization Needs to Be Successful](#)
- [5 Ways to Make Your Team Awesome Agents of Change](#)
- [Why Companies Have to Change or They Will Not Thrive](#)

To create a successful corporate culture, there are 6 key areas you need to focus on, according to the [Harvard Business Review](#):

- 1. Vision:** A vision (or mission) statement defines a company's culture and its purpose.
- 2. People:** Your employees need to be empowered and willing to accept your company's culture and fit into it.
- 3. Values:** A company's behavior and shared way of thinking form the core of its culture.
- 4. Practices:** Applying core values in day-to-day activities inside the organization is key.
- 5. Place:** Physical location and the overall appearance of your facilities greatly affect behavior and values inside the company.
- 6. Narrative:** A company's ability to mold its history into a story that identifies and shapes its culture is one of the main reasons it will succeed or fail.

Once you understand all six areas, you may need to [evaluate your culture](#) to put it into a workable context and develop a future plan for the entire firm. In [a conversation](#) with Tony Hsieh at USC Marshall School of Business, leadership guru Dr. Warren Bennis placed great emphasis on contextual intelligence:

*"It is disrespectful to think you are going to change a culture without really taking the time to deeply understand that culture on which the foundation was laid."*

After that, it's time to [implement change in your organization](#). As a leader, it is your job to create changes that stick. It all must flow from you and your willingness to change. This is what will transform your company culture, help you overcome any obstacles along the way and prepare your entire team for the inevitability of change. Because change is here!

## Ready to embrace change?

At [Simon Associates Management Consultants](#), we can help your business move in the right direction — forward. We work with you to [develop innovative strategies](#) that will allow you and your team to respond to changes so you can dominate your industry, not just tread water. We would love to hear from you and see how we can get started!

## About the Authors



At [Simon Associates Management Consultants](#), we specialize in helping companies discover innovative ways to “see, feel and think” about their business. As [culture change experts](#) and trained practitioners in [Blue Ocean Strategy®](#), we teach organizations how to [adapt to change](#) by applying the tools, methods and principles of [corporate anthropology](#). [Contact us](#) to schedule a consultation to find out how we might help your organization drive change, overcome challenges and reach your potential for success.

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