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Creative Growth



Look for strategies that both drive growth and address tough problems, such as how to sustain profitability and retain top talent.

WHY IS IT HARD TO GROW a professional service firm these days? This is a strong economic period; there seems to be more need for professional services; and owners don't have to finance expensive machinery or inventory as their firms grow.

But, growing a professional service firm can be challenging. If I were to rank order the challenges facing growth-oriented professional services firms, attraction and retention of talented employees would be at the top of the list.

Recruitment. Today, most firms have to provide financial incentives for their employees to recruit new people. They post attractive ads to on-line bulletin boards. They send representatives to career fairs. They "adopt" nearby colleges to establish contact with future job candidates. Their public speaking is done to attract new employees, not just new customers. Recruitment and customer-oriented marketing campaigns are designed in parallel. Some firms have two versions of every direct mail piece, brochure, web site, and trade show display—one for prospective customers, the other for prospective employees. Many firms sponsor events to attract new job applicants. Some firms even post recruiters at major airports to lure employees from competing firms.

Retention. To retain talented employees today, firms must provide higher salaries, tuition reimbursement, state-of-the-art hardware and software, flexible schedules, pensions, individual and team bonuses, profit sharing, more vacation days, tailored career advancement programs, assignment of mentors, special challenges, genuine support, 360-degree performance evaluations, stock options,

equity deals, and benefit packages that include fully funded health, disability, life, and dental insurance. Sadly, even these techniques may not be enough.

Beyond recruitment and retention, firms face other growth challenges:

- **Poor delegation.** Growth can be stunted by a founder's inability to let go of key accounts or decision-making.
- **Lack of financing.** Obtaining outside financing for a growing professional services firm is a challenge, because there is no inventory to use as collateral.
- **Confusing structure.** Leaders of many professional service firms struggle with centralization vs. decentralization decisions, often sabotaging sustained growth.
- **Competition.** Competition can freeze some service providers and today's large, well-financed, aggressive firms represent intense competition.



Business Growth Strategies

Growth strategies may be a better place to look for new answers.

- **Expansion.** Growth through geographic expansion can help a firm diversify its work force, reduce travel time for employees, and offer new challenges for ambitious associates.
- **Franchising.** This strategy attracts serious people who are willing to pay for the privilege of working with you.
- **Strategic alliances.** These permit access to an expanded pool of resources without adding overhead costs or making long-term commitments.
- **Joint ventures.** These often permit a firm to offer more new services to new markets, which attracts top talent.
- **Acquisition.** Acquisition can bring bigger and better accounts while also expanding the service delivery team.

It's possible to achieve accelerated growth with sustained profitability. **EE**

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