

Managing the Professional Service Firm (PSF)

Master of International Management (MIM-HSG) programme
1st year, 2nd semester, April – July 2002
8 SCP

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Context

PSFs are among the fastest growing firms in the modern business world. On a global base they generate a sales volume of 700 billion USD, employing about 17% of the total workforce in the industrialised countries. With names such as The Boston Consulting Group, Mercer, Grey, PriceWaterhouseCoopers, Egon Zehnder or Baker McKenzie they represent a specific type of firm which operates in diverse businesses, ranging from strategy and information technology consulting, law, auditing to executive search, advertising, etc.. Due to their high growth rate, young professionals start increasingly their careers with PSFs, sometimes attracted by their reputation and high salaries, sometimes disillusioned after their first experiences, sometimes devoting their whole careers to them.

Despite the surge of PSFs in recent years, our understanding of this type of firm is still quite limited. What are actual challenges confronting PSFs? How do their „economics“ work? Which strategies do they pursue? What organisational structures are appropriate for them? Which impact have legal issues? How do they engage at the „war for talents“? How do they manage their client relationships? Why is knowledge management so important for them? What is the impact of branding and reputation?

Objectives

The integrative seminar will focus upon the above mentioned questions. It will offer a broad range of topics concerning the Management of PSFs, covering the wide spectrum between theory and practice. The seminar strives for

1. a detailed, theoretically based understanding of the „operational mode“ of PSFs,
2. „real-life“ experiences with PSFs and their representatives,
3. the development of skills such as research, teamwork, leadership, case-study learning, presentation and writing, based on the fact that many skills only add value when applied in combination, and
4. challenging research projects, leading to theoretical excellence as well as managerial relevance.

Organisation and Structure

The seminar will be carried out in ten sessions, accompanied by an on-going business project. One session will take place in Zürich, the others in St. Gallen. Several managers of PSFs will be invited as guest speakers. Also, a business simulation game will be conducted in co-operation with Mercer Consulting, one of the largest global strategy and information technology advisers. For the seminar a reader will be given with the readings and supportive texts. That material has to be read and prepared before each session. The following chart illustrates the structure of the whole Integrative Seminar.

<p>Session 1 April 4, 2002, A406 10.15-11.45 14.15-17.45 Kick Off, (1) Basics</p>	<p>Session 2 April 11, 2002, A406 08.15-17.45 Case-Study & Business Project</p>	<p>Session 3 April 18, 2002, A406 08.15-11.45 13.15-16.45 (1) Case-Study (2) Economics (3) M&A</p>
<p>Session 4 April 25, 2002, A406 08.15-17.45 Case-Study & Business Project</p>	<p>Session 5 May 2, 2002, A406 08.15-17.45 Simulation Mercer Consulting</p>	<p>Session 6 May 16, 2002, B112 08.15-17.45 Case-Study & Business Project</p>
<p>Session 7 May 23, 2002 08.15-17.45 Zürich Legal Issues of a PSF in Action</p>	<p>Session 8 June 6, 2002, A072 14.15-17.45 Mid-term presentations with Steve Floyd</p>	<p>Session 9 June 13, 2002, A072 14.15-17.45 (5) Managing People (6) Systems & Procedures</p>
<p>Session 10 June 20, 2002 10.15 - 14.00 B111 14.00 -17.45 A072 Final Presentations Concluding Discussion</p>		
<p>Structure of the Course</p>		

Session 1a: Kick Off

Date: April 4, 2002, 10.15-11.45 A406

Lecturers: Prof. Dr. Müller-Stewens & Prof. Dr. Drolshammer

Objectives: Overview over the seminar. Discussion of the topic, program, credits; formation of groups.

Readings:

- Müller-Stewens/Drolshammer/Kriegmeier: Professional Service Firms. Frankfurt 1999, pp. 50-80.
- "Lawyers go Global". The Economist, February 26th 2000, pp. 89-93.
- Müller-Stewens, G. and J. Drolshammer (2001): Managing the International Law Firm: Nuisance or Necessity? European Journal of Law Reform, Vol. 2 No. 4, pp. 203-225. In: Drolshammer, J. and M. Pfeifer (Eds.). The Internationalization of the Practice of Law. Kluwer Law International: 2001.
- Literaturliste PSF.

Session 1b: Basics of Managing a PSF

Date: April 4, 2002, 14.15-17.45 A406

Lecturers: Prof. Dr. Müller-Stewens

Objectives: Learning the basics of managing a PSF (strategy, organisation, law)

Session 2a: Case-Study

Date: April 11, 2002, 08.15-11.45, 14.15-17.45 A406

Lecturers: Dr. Lechner

Objectives: In the morning, this session will introduce the case-study method and show how it can be used to gain as well as produce knowledge. Secondly, the case-study „Corporate Strategy“ (Saatchi & Saatchi Co. Plc) will be analysed and discussed. Saatchi & Saatchi, founded in 1970, became the world’s largest advertising agency in 1986. It then diversified into consulting and other managerial areas before crashing in 1989. Under a new CEO, the company restructured and refocused on its advertising agencies.

Readings:

- Mauffette-Leenders, L., Erskine, J.A. and Leenders, M. (1999): Learning with Cases, Ivey Publishing: London, Ontario (Canada).
- Case-Study Corporate Strategy (Saatchi & Saatchi Co. Plc).

Session 2b: Business Project

Date: April 11, 2002, 14.15-17.45 A406

Lecturers: Dr. Lechner

Objective: The participants will be introduced into the business project. The business project will focus on a specific business problem of a professional service firm and will be solved in groups. The output of the groups will be a presentation for the management of the respective professional service firm (Management Report) and a research paper with theoretical “grounding”.

Session 3a: Case-Studies

Date: April 18, 2002, 08.15-11.45, A406

Lecturers: Dr. Lechner

Objectives: During this session, we will discuss two case-studies about project management (Deloitte & Touche) and business unit strategy (Bain). The Deloitte & Touche case-study examines two dilemmas often faced by an operations consultant. First, the dual

responsibility to both client and consulting firm. Second, the management of the often competing pressure to deliver immediate results, at the same time laying the foundation for long-term performance improvement. The Bain case-study examines major strategic and organisational issues facing Bain & Co., a leading strategy consulting firm, regarding global expansion. The Bain partners must choose a course among many exciting and attractive opportunities for growth. Also explores organisational and managerial implications for various growth scenarios.

Readings: Case-study Deloitte & Touche Consulting Group
Case-study Bain & Co.: International Expansion

Session 3b: Economics / Corporate Development

Date: April 18, 2002, 14.15-17.45 A406

Lecturers: Prof. Dr. Müller-Stewens

Objectives: In this session, we will use the M&A-approach to examine the economics of PSFs and the current trend of PSFs to grow not only internally but to a large degree also externally. As it is widely known, M&A activities often do not lead to the expected results, mainly due to differences between partners in terms of culture, structures, and ambitions.

Readings: - "Why the big fish are facing extinction", the European Lawyer, July 2000.
- "Keeping Auditors independent", The Economist, November 18th, 2000.
- Case-Study PriceWaterhouseCoopers.

Session 4a: Case-Studies, Business Project

Date: April 25, 2002, 08.15-11.45 A406

Lecturer: Dr. Lechner

Objectives: Egon Zehnder International is a successful executive search firm headquartered in Switzerland. The case examines the firm's growth strategy in the United States. It also explores how to implement a particular strategic choice, one made, in a global professional service firm. The case-study e-consulting provides an overview of the history and development of the e-consulting industry, as well as the issues facing it.

Readings: - Case-Study: Egon Zehnder International.
- Case-Study: E-Consulting.

Session 4b: Business Project

Date: April 25, 2002, 14.15-17.45 A406

Lecturer: Dr. Lechner

Objectives: Continuation of the business project.

Session 5: Simulation of a Business Game, workshop with Mercer Consulting

Date: May 2, 2002, 08.15-17.45 A406

Lecturer: Mercer Consulting & Dr. Lechner

Objectives: The simulation will focus upon typical business problems confronting PSFs. The participants will compete in several groups, being supported by consultants of Mercer Consulting.

Dinner: At the end of this long day we will relax and have a dinner enjoying a famous Swiss meal.

Session 6a: Case-Studies

Date: May 16, 2002, 08.15-11.45 B112

Lecturer: Dr. Lechner

Objectives: The case-study Ernst & Young United Kingdom focuses on the challenges professional service firms are confronted with in their change initiatives. On the one hand, the structures tend to impend the firm's ability to position itself effectively vis-à-vis iistmarket and to pinpoint internal accountability for planning, financial results, cross-selling, and industry penetration. On the other hand, people involved in the change process are easily overwhelmed by the change initiatives and are no longer able to relate one initiative to another. The case-study Kinsley Lord describes a UK based management consulting firm and examines the challenges of managing a PSF firm as it grows and confronts the need for fundamental change. The case covers the first ten years in the history of Kinsley Lord and analyses the reasons for Kinsley Lord's success, why that success was not sustained, and how the firm recovered from the crisis.

Readings: Case-Study: Ernst & Young United Kingdom.
Case-Study: Kinsley Lord.

Session 6b: Business Project

Date: May 16, 2002, 14.15-17.45 B112

Lecturer: Dr. Lechner

Objectives: Continuation of the business project.

Session 7: Legal Issues in Action

Date: May 23, 2002, 08.15-17.45 in Zürich at the office of Homburger, whole day.

Lecturer: Prof. Dr. Drolshammer

Objectives: Hands-on experience in the Zürich headquarters of Homburger, one of the largest law firms in Switzerland.

Readings:

- “Unrequited love”, The Economist, February 24th, 2001.
- Drolshammer, J. (2000): The Future Legal Structure of International Law Firms. European Journal of Law Reform, Vol. 2, No. 4, pp. 713-775.
- FT Series: Professional service firms. January 2002.

Session 8: Mid-term presentations with Steve Floyd

Date: June 6, 2002, 14.15-17.45 A072

Lecturers: Prof. Dr. Müller-Stewens, Prof. Dr. Drolshammer, Dr. Lechner

Objectives: Discussion of business projects with Prof. Steve Floyd

Session 9: Managing People & Systems

Date: June 13, 2002, 14.15-17.45 A072

Lecturer: Prof. Dr. Müller-Stewens

Objectives: This session will analyse the specific tasks of Human Resources Management in PSF environments.

Readings:

- Müller-Stewens/Drolshammer/Kriegmeier: Professional Service Firms. Frankfurt 1999, pp. 198-234.
- Hitt, Michael: “Direct and Moderating Effects of Human Capital on Strategy and Performance in Professional Service Firms: A Resource-based Perspective”, Academy of Management Journal 2001, Vol.44, No.1, pp. 13-28.
- Case-Study: Venture Law Group.

Session 10: Final Presentations

Date: June 20, 2002. 10.15-14.00 B111; 14.00 – 17.45 A072

Lecturers: Prof. Dr. Müller-Stewens, Prof. Dr. Drolshammer, Dr. Lechner

Objectives: Each group will have two hours to present their results and discuss their findings with the other groups and invited members of the analysed PSFs.

Contacts

The following persons are responsible for the integrative seminar. They can be contacted directly, if there is something to be discussed.

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