KPMG Face Value
a case study

from People Management (Aug 1998)

Jennifer Cramb

The staid world of accountancy is now facing up to the fact that technical proficiency is no longer enough and that success is determined by the ability to build strong relationships with clients. Jennifer Cramb and Ian Cunningham describe how KPMG is addressing this issue through a development programme targeted at its lead partners.

For many years KPMG has been one of the major players in the accountancy profession. As the "big eight" have become the "big six" and now the "big five", the firm has retained its ascendancy. In 1997, with more than 500 partners and 8,000 professional and administrative staff, it earnt revenues of £726 million and profits of £145 million in the UK.

Despite this success, the appointment of Colin Sharman as UK senior partner four years ago was based on an assumption of the need for change. Client research had shown that there was often little to differentiate between the major accountancy firms. While KPMG was viewed as reliable and trustworthy, it was not perceived to be distinctively different. The big firms were seen as offering much the same services with similar levels of technical competence. The one area where differentiation was possible – and essential to winning business – was in the strength and quality of client relationships.

Sharman was determined that KPMG should stand out from the pack. "We have a fine reputation for the technical and professional capabilities of our people," he had said. "But our clients take these things for granted. Technical excellence is fundamental but it is not sufficient. We need to take a real leap forward in client relationship management. We have to understand and respond to the wider business needs of chief executives and directors in our client organisations."

Following this logic, it was decided to develop KPMG's "lead partners", who are the focal point of the firm's contact with clients. Many partners were already doing what was needed and had good relationships with chief executives. But these qualities needed to be more widely diffused through the firm. Even the outstanding lead partners knew that they needed continuous development to cope with a rapidly changing business environment.

It was decided early on that a simple client management skills course would not be adequate. Geoff Gaines, the HR partner, took the responsibility to find a way to develop the lead partners. He ruled out standard training courses, business schools or country-house "jollies", preferring a programme in which experienced people could take ownership themselves.

The target group of about 150 of the most able partners in the firm were bright and highly skilled people – they had been partners for some years and were extremely competent in their dealings with clients (mainly finance directors). These people knew in theory what constituted effective client relationship management but did not act on it often enough.

What was called for was an experience that tackled the issues that lay at a deeper level. A quick-fix solution or one that remained at the hints-and-tips level would be inappropriate; there are plenty of texts offering such advice, but it does not get under the skin of the people involved. An approach that would change their way of thinking was needed.

Gaines asked Ian Cunningham, an external consultant, to help develop a programme. The idea was to build on self-managed learning techniques but to ensure that they were linked to winder cultural and strategic issues.

"We spent a lot of time together chewing over ideas," Gaines says. "Even when a waitress spilled the soup at lunch we discussed what her model of client relationship management might be. We looked in areas outside the firm's work to explore that others did, and how we could get those insights and models into a programme.

"We knew that lecturing people would not work, and we knew that others – who were now effective in client relationship management – had not learnt it in that way. One partner said that he'd learnt most through being the 'bag carrier' for one of the firm's best lead partners. So we struggled with how to bring that kind of experience into a structured programme."

As well as working to the criteria that were imposed on the programme (time, cost-effectiveness and reusability), it needed a solidly structured design that was, nevertheless, not rigidly controlled. The programme was tightly configures with pre-planned sessions carefully times, but within this structure participants had a great deal of freedom to pursue whatever they wanted.

Free enterprise

The final programme design, entitled Beyond Best Practice, offered participants the chance to explore a range of perspectives and issues, but left them free to work out what action was necessary. By avoiding being generally prescriptive, it didn't force everyone to behave in the same way and it ensured committed action as each person internalised what they needed to do.

For each programme, 24 partners in the target group are personally invited by Colin Sharman to take part. The first phase is two and a half days spent away from work in a residential setting. The second phase lasts five months and is based around practical action. And the third phase consists of a one-day session with Sharman and Mike Rake (the new UK senior partner, following Sharman's election to international chairman) to review action.

Phase two has proved important, and emphasises that this is not a quick-fix approach. It allows the partners time for ideas to sink in and for them to see things through over a long period. It also reminds them this is not a course or a management training event, but a process of personal development and change for the firm.

The 24 participants in each cohort are divided into three development groups, each of which has two advisers attached. There is an external adviser, who is someone of senior standing with significant experience in development work of this nature. An internal adviser, one of the senior members of the firm, is there to encourage the group to think “outside the box” and to have the courage of their convictions to try out what they have learnt.

The development groups meet at the start of phase one in order to get to know each other and to start to understand the process they will be going through. They are then asked to look at their own perspectives on best practice, which gives them the chance to check their own assumptions against those of three lead partners who are recognised as being outstanding role models.

Rake, in his role of lead partner, was one of those invited to the first programme to play the role of “internal witness” to the participants. “The groups grilled me about how I handled my clients” he says. “I found it thought-provoking, being asked to articulate things that I take for granted. When I met them again five months later with Colin, they’d taken these ideas to heart. They have built on them in some very creative ways.”

One group had developed a software tool to help a large client service team track and manage their multiple contacts and communications with their customer. Another group developed an innovative “toolkit” to help teams to prepare for proposals and presentations to prospective clients. Members of this group continue to use this with their teams.

One session in the first phase of the programme gives the groups a chance to question three “external witnesses”. These were deliberately chosen because their organisations were service businesses, but were otherwise dissimilar to KPMG. In the first programme the external visitors were Barry Hearn, whose field of client relationship management is mainly in sport; Fiona Driscoll, who was running a major PR company; and Mike Davis, the group management director of RCO Support Services, a company providing cleaning, portering and security services.

These sessions with outsiders have given people an opportunity to explore similarities and differences in approach. Audit, tax and consulting partners could see that they had something to learn from how Hearn managed Steve Davis or Herbie Hide, for example.

The style of expression also contrasted with KPMG’s often literal and analytical language. Hearn answered questions by telling stories, while Driscoll used memorable metaphors. For instance, asked about how she judged the level of staff motivation, she replied that she wanted her (predominantly female) staff “to prefer being at work to having sex with Tom Cruise”. These parables and metaphors could answer a question in a far more powerful way than analytical English.

A major challenge for many participants has been how to move from being able to relate to the issues faced by functional directors in finance or IT to being able to talk with chief executives about wider business issues. All the external visitors to the programme operated with this wider perspective at the most senior level in their client organisations. As with other sessions, the challenge is for participants to tease out “the difference that makes a difference”. It requires questioning that digs beneath the variation of style, context and content, and unearths the fundamental aspects of client relationship management.

At the end of phase one, participants plan their work for phase two. They agree to a range of changes, from new ways of working with their own teams to initiating external contacts to further their learning. Some people have chosen to interview chief executives of major companies (often not KPMG’s clients) in order to explore the issues further.

Lead partners have frequently come back to their groups with wonderfully vivid stories about the chief executives they have visited. Richard Wright, a Birmingham partner, visited the chief executive of a well-known service company. As well as being impressed by the energy and capability of the man, he found him personally sending letters to lorry drivers who had been praised for their customer service. That, and other experiences in his time at the company, convinced him that KPMG could learn from this chief executive's style, and especially from his ability to pay attention to detail, care about people and think strategically (and all at the same time).

Interviews with chief executives are only one of the many activities that partners have carried out. Richard Arkle, a partner in the northern business area, followed up the session with Fiona Driscoll by spending two days at her PR company quizzing people and sitting in on meetings.

"I was able to learn lessons to take back and introduce in my region," he says. "Compared to the conservative, unemotive world of accountancy, her company's culture is one of excitement, fun and passion about work. I didn't copy what she was doing, but gained insights into how a more constructive culture could have a major impact on our business. I have tried to translate some of that energy and fund into our culture. This has really paid off – it's had a direct, positive impact on our internal team relationships and our client relationships."

Capitalisation

At the end of phase two, participants meet with Rake and Sharman to discuss what they have learnt, and how they will take their learning forward. This phase is crucial because it is about consolidating learning and integrating it into the direction of the firm.

But the process of learning and change does not stop with the end of the formal programme. Many groups carry on meeting in order to continue the development process and there is wider networking among alumni of the programme. The contracts that individuals make usually require further action beyond the programme, helping to embed a continuous learning process.

Earlier this year, after the programme had run for its fifth time, we were asked to evaluate the outcomes and lessons so far. Rather than concentrating on the "volume of applause" generated, the firm was more interested in how the programme had met its objectives and benefited both KPMG and the individual participants.

The programme is focused on client relationship management, and there is no doubt that it has had a significant impact in this area. Partners have said that they have a better understanding of their clients and the issues faced by them. Lead partners say that they not only understand their role better but that they also feel more at home in it.

Several participants have since been promoted to senior, leadership roles. For the firm as a whole, the programme has helped to build networks across geographical and functional divides, supporting integration. Other benefits were apparent in personal changes such as increased motivation, better team-working and improvements in managing others. Many participants came to understand that changing and developing their client relationships meant personal change and development.

In this respect, the programme has also raised challenges for the firm. Many participants have continued with their personal development activities – for example, working with their group, or individually with mentors – but there was also a strongly held view that the Beyond Best Practice initiative should be part of a more comprehensive development programme for partners.

“Beyond Best Practice has contributed to taking the firm forward in client relationship management,” Rake says. “It’s not a magic wand and we’re still, as a firm, working on the issues that the programme has thrown up. But it’s taken us a long way in the right direction.

Reprinted from People Management 13th August 1998