

PEEPLCOACH

PROFESSIONAL SERVICES SPOTLIGHT

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KEY THEMES

1. Higher complexity of services may lead to a reduced focus on leadership and culture.
2. New entrants to the workforce (Gen Z) seek empathetic and collaborative leaders.
3. Situational leadership is vital for a complex service environment with generational workforce changes.
4. AI is both an opportunity and a threat to leaders in the sector.

Leadership Across the Spectrum of Service Complexity in the Professional Services Sector

Leaders in the professional services sector (e.g. law firms, accountancy practices and consultancy firms) are frequently promoted from individual contributor roles in which they have built deep domain knowledge. As their leadership responsibilities expand during their careers, a balance between domain knowledge and leadership impact will be required. In the model below, Ashish Nanda and Das Narayandas divide the professional service spectrum into four categories, from 'Commodity' services up to the most complex problem-solving 'Rocket Science' services.¹

	COMMODITY	PROCEDURE	GRAY HAIR	ROCKET SCIENCE
CLIENT NEED	Solving routine, often simple problems	Implementing a complex project with several interrelated parts	Deciding on a major, ill-defined issue with which the client has little experience	Addressing a unique and difficult problem with major consequences for the client
SELLING PROPOSITION	Low cost	Systematic and comprehensive approach	Track record of dealing with similar problems	Ability to solve complex challenges
ORGANISATIONAL CAPABILITIES	Efficient delivery processes	Methodologies	<div> <div>← Rigorous empirical analysis →</div> <div>Learning from experience</div> </div>	State-of-the-art theory
PROFESSIONALS' SKILLS	Focused execution against specific requirements	Following procedures rigorously and comprehensively	Converting specific knowledge to judgment that's applicable in other settings	Applying theoretical and empirical tools to devise innovative solutions
PROFIT DRIVERS	<div>Low</div> <div>Low</div> <div>High</div> <div>High</div>	<div>Margin</div> <div>Rate</div> <div>Utilisation</div> <div>Leverage</div>	<div>High</div> <div>High</div> <div>Low</div> <div>Low</div>	













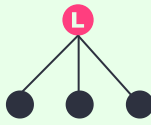
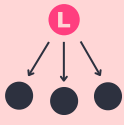
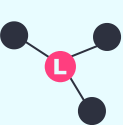
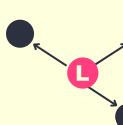
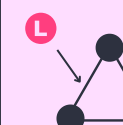
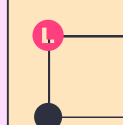


'Plotting a practice's profile on the spectrum enables its leaders to understand how to manage the practice, diagnose any misalignment, and shift its positioning if needed.'

GENERATIONAL SHIFTS AND LEADERSHIP STYLES

Different generations working in the professional services sector will seek different styles of leadership. While there are always exceptions to the rule, over generations there has been a shift in the workforce from traditional, controlling and directive styles of leadership to more empowering and collaborative styles. It is interesting to compare the higher end of the complexity scale in the above-mentioned professional service spectrum (the 'Gray Hair' and 'Rocket Science' categories) with the older generational leadership styles of leadership in the McCrindle chart below ('Controlling' and 'Directing').

The mismatch between Gen Z workers' preferred leadership style and the typical leadership style employed by senior managers represents a big risk for professional services firms that compete within a limited talent pool. It could also be argued that the more complex the services delivered, the greater this mismatch and risk may be. In other words, in a 'Rocket Science' firm, high value will be placed on the domain expertise of the most experienced managers in the company. These are likely to be leaders from the Baby Boomer and X generations, who tend to lead with a more directive and controlling style. However, these leaders are required to attract, retain and develop highly talented employees from Gen Z, who typically seek an empathetic and collaborative style of leadership. To highlight the scale of this growing risk, by 2035 Gen Z will be the largest generation in the workforce at 31% (currently 27%).²

CATEGORY	BUILDERS Born 1925-1945	BABY BOOMERS Born 1946-1964	GEN X Born 1965-1979	GEN Y Born 1980-1994	GEN Z Born 1995-2009	GEN ALPHA Born 2010-2024
Slang terms	'We prefer proper English if you please.'	'Be cool', 'Peace', 'Groovy', 'Way out'	'Dude', 'Ace', 'Rad', 'As if', 'Wicked'	'Bling', 'Doh', 'Funky', 'Foshizz', 'Whassup?'	'🔥', 'Fam', 'GOAT', 'Slay', 'Yass queen'	'Lit', 'Yeet', 'Hundo', 'Oof', 'Rn', 'Idrc'
Social markers	World War II (1939-1945)	Moon landing (1969)	Stock market crash (1987)	September 11 (2001)	GFC (2008)	COVID-19 (2020)
Iconic cars	 Ford Model T (Final, 1927)	 Ford Mustang (1964)	 Holden Commodore (1978)	 Toyota Prius (1997)	 Tesla Model S (2012)	 Autonomous Vehicles (2020s)
Iconic toys	 Roller skates	 Frisbee	 Rubik's Cube	 BMX bike	 Folding scooter	 Fidget spinner
Music devices	Record player LP (1948)	Audio cassette (1962)	Walkman (1979)	iPod (2001)	Spotify (2008)	Smart speakers (now)
Leadership style	 Controlling	 Directing	 Coordinating	 Guiding	 Empowering	 Inspiring
Ideal leader	Commander	Thinker	Doer	Supporter	Collaborator	Co-creator
Learning style	Formal	Structured	Participative	Interactive	Multimodal	Virtual
Influence advice	Officials	Experts	Practioners	Peers	Forums	Chatbots
Marketing	Print (traditional)	Broadcast (mass)	Direct (targeted)	Online (linked)	Digital (social)	In situ (real-time)

Situational Leadership

For leaders in the professional services sector who are pursuing career success and fulfilment, a range of leadership styles will be required as they lead team members from Gen X through to Gen Alpha in various levels of service complexity (e.g. 'Procedure' to 'Rocket Science').

Arthur Bwalya describes how situational leadership 'emphasizes the leader's ability to assess the situation [i.e. in terms of the readiness or development level of their followers] and adjust their leadership approach accordingly'.³

Well-deployed situational leadership, drawing upon a range of different leadership styles, will be far more effective than a 'one size fits all' approach in complex and dynamic professional services firms, as outlined above. However, this more effective approach to leadership is slower and more challenging to learn than simply selecting and honing a single style of leadership such as 'laissez-faire', 'transactional' or 'autocratic'.

To employ and retain the optimal mix of team members, a professional services firm will therefore need to balance their training and development investment in domain expertise (or technical knowledge) with their investment in the development of effective leaders. A 'Gray Hair' firm with the smartest senior partners and consultants with highly dysfunctional leadership will fail over time, as will a 'Gray Hair' firm with highly effective leadership but a severe deficit of domain expertise.



AI: An Opportunity and a Threat to Professional Service Sector Leaders

The ever-increasing presence of AI in the broader workforce clearly represents an opportunity and a threat to leaders within the professional services sector. Given the complexity of the professional services sector and the regulatory environment it operates within, at least some of these opportunities and threats will be somewhat unique when compared to other industries.

Yang, Blount and Amrollahi (2024) highlight the need for 'integration of a professional knowledge base into AI systems' to leverage its benefits in the sector. They also highlight that the professional services sector's adoption of AI will not be homogenous. Larger companies must navigate through established systems, interfaces and complexities with organisational structures, while 'SMEs predominantly embrace cloud computing for its economic advantages and have (already) reported more pronounced benefits'.⁴

Leaders in the professional services sector, in aiming to attract and retain talent from Gen Z and Gen Alpha, will need to figure out how to leverage AI opportunities while creating jobs that appeal to employees seeking meaning and personal growth. In such a knowledge-based and often complex environment, this will require a high degree of proficiency in situational leadership.

Conclusion

Professional services firms rely on differentiation with respect to the knowledge and insights they offer their clients in a competitive market. While building a differentiated knowledge base and systems, leaders in this sector will also need to apply effective situational leadership across teams of employees from different generations with changing expectations and demands. With offerings of varying degrees of complexity, rapidly evolving technology – including AI – and a competitive labour market, striking the balance between client solution development and leadership effectiveness will be increasingly important for sustainable success in the future.



SOURCES

1. [‘What Professional Service Firms Must Do to Thrive’, hbr.org](https://hbr.org)
2. [Gen Z and Gen Alpha Infographic Update, McCrindle](#)
3. ‘Leadership styles’, Arthur Bwalya, GSJ: Volume 11, Issue 8, August 2023 ISSN 2320-9186
4. ‘Artificial intelligence adoption in a professional service industry: A multiple case study’, Jiaqi Yang, Yvette Blount, Alireza Amrollahi, [Technological Forecasting and Social Change, Volume 201](#), April 2024, 123251

PEEPLCOACH SOLUTIONS FOR LEADERSHIP IN PROFESSIONAL SERVICES

Peepcoach recently engaged [Dr Joel Davies](#) to study the impact of the Peepcoach leadership programs on critical outcomes such as leadership competence, productivity and organisational commitment. The results showed that, after participation in a Peepcoach program:

- managers felt that 67% of participants had improved their leadership capabilities
- managers reported that 66% of participants were now more effective in their role
- 92% of participants believed that they were now better equipped to be a great leader
- 74% of participants felt more motivated to do their best work
- 91% of participants believed they were more effective in their role as a result of the program.

Download the Peepcoach Impact Study.

Why are Peepcoach programs so successful?

- Programs are flexible and customisable to meet the business requirements and competency frameworks of different industries, organisations, teams and individuals.
- They combine bite-sized training content with 1:1 and group coaching in an approach that is more than just training and more than just coaching.
- Content is designed to meet the specific needs of frontline, emerging and middle managers.

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