

## Global professional-service firms

At last there is an international strategy that seems to be working

Like the various groups of helpers that accompanied ancient armies on the march, professional-service firms followed their industrial clients as they expanded around the world in the 1980s and 1990s. (a) \_\_\_\_\_ From Moscow to Buenos Aires, the efficient professional-service firms were ready to advise on what deals to do, how to finance them, how to compute their consequences and how to solve any problems involved.

It was heady stuff, and it led some professional-service firms to decide that they should follow their clients' example and go global as well. They dispatched their ambassadors around the world and waited for them to attract the new business that would justify their cost. The accounting firms, which were among the more aggressive globalisers, thought they could be likened to all the groups of helpers as well as to the armies themselves. They took over consultancy businesses, finance companies and law firms, setting themselves up as global chains of one-stop shops with a "we do everything" attitude: "While you're in for an audit why not buy a bit of litigation, too? And by the way, today we have a special offer on restructuring your company."

This was a strategy which created enormous managerial problems, in addition to introducing a cascade of potential conflicts of interest among firms' increasing regulatory and professional duties. (b) \_\_\_\_\_ For others, such conflicts are still being discovered, a process which is being speeded up by legislation. America's Sarbanes-Oxley Act bans accounting firms from carrying out certain consulting and legal services for their audit clients, and there are growing restrictions on the provision of tax services as well.

The "do everything everywhere" strategy looks like a problem for professional-service firms, too, because no matter how multinational their clients, those clients buy very few of their professional services centrally. Purchases are, by and large, the responsibility of local managers.

(c) \_\_\_\_\_ They want the best service for each individual task, and the nature of professional services is such that "the best" invariably involves a combination of superior local knowledge and close customer-client relationships.

Besides, the managers of multinationals' foreign operations are less and less likely to be expatriates these days. (d) \_\_\_\_\_ When those ancient armies had fought their battles and finally won, they left behind locals to run their hard-earned territories. The various groups of helpers returned home with the troops.

Yet there is a need for professional-service firms to be international, to a limited extent. Firms in the European Union increasingly need to take a transnational view of things. And someone has to co-ordinate the multinationals' local service-providers, be they auditors or lawyers.

(e) \_\_\_\_\_ The so-called "Charmed Circle" of blue-chip New York law firms has an enviable record of profitability, combined with modest international expansion. Most of these firms have also chosen to join an informal network of top-ranked firms around the world. The network's firms exchange lawyers and run joint training programmes. (f) \_\_\_\_\_ Until someone proves there is a better approach, this seems the way forward for most other professional-service firms as well.

### Read the following sentences taken from the text. Complete the text with the sentences.

- 1 A small group of firms is showing how this should be done.
- 2 Russian subsidiaries now tend to be run by Russians, who prefer to buy services from fellow nationals with detailed knowledge of local conditions and rules.
- 3 Wherever western multinationals went to set up or buy a new business, there too went their accountants, bankers, consultants and lawyers.
- 4 And what they are looking for is not the biggest global brand name in their neighbourhood directory, nor the firm with the broadest range of services on offer.
- 5 Things get done among such groups of individuals more by face-to-face persuasion than by

impersonal commands used by their clients.

6 For the likes of Arthur Andersen, these problems and conflicts have already ended in disaster.

Intelligent Business U-I, p.128, 129