

The Only Competitive Advantage in Professional Services

Interview with David Maister

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This is the second part of the interview with management writer and advisor David Maister. In the first part ([here](#)) we talked about the fascinating phenomenon of blogging on which David shared some thought-provoking insights. In this part, we talk about subjects David has written about throughout his writing career, including marketing strategy, management, career development and money.

Coert: "Let's proceed with a question about marketing. Many professionals don't seem to pay much attention to marketing. But you say marketing is of crucial importance for any professional. Why is that so?"

David: "The better you are at marketing, the more control you have over your career. If you are really good at developing business, then you can work for only the clients you find interesting and can care about, and only on the type of work that you find fulfilling and challenging. The weaker you are at winning business, the more you are forced into accepting business from anyone who pays you, whether you respect them or not, and whether the work is enjoyable, developmental or meaningful to you. I don't ever want to be stuck in that situation. I don't think that having to work for anyone who pays because I am desperate for cash sounds like much fun!

People think that marketing is about getting more business. It's not. Marketing is about getting better business – the work that engages your enthusiasm and allows you to serve clients you like. The better you are at marketing, the more you can afford to say no to things that do not help your career. Marketing is not something you do for your firm – it's what you owe to yourself. If your readers want more detail on these points, I have written about them many times. In *Managing The Professional Service Firm* (1993), I pointed out that, alas, it is easier to get hired for things you already know how to do, so if you are not careful, you end up milking your existing skills instead of building them. In *True Professionalism* (1997) I pointed out that you can have it all – it is easier to get hired for things you care about by people you care for, and that way you are more likely to get premium fees, too! In *The Trusted Advisor* (2000) I pointed out that your clients will treat you better and give you a better work experience if they think you care about more than just the money they give you. Recently, I wrote four articles which explore the themes of marketing as sincerity: [A Talent For Friendship](#), [Doing it For the Money](#), [Marketing is a Conversation](#) and [Do You Really Want Relationships?](#) I hope I have been consistent over the years!"

Coert: “I think you have. I like what you say about the essence of marketing. That it is not a matter of just getting more business and money but rather getting more of the right business. While we're on the subject of money, I'd like to focus a bit more on that. Writers like Alfie Kohn and Jeffrey Pfeffer have criticized the fact that many managers focus on financial incentives as the most important means to improve organizational and individual performance. This trend is more and more common, even in the not-for-profit sector. What role do you think money plays in improving individual and organizational performance?”

David: “What Kohn and Pfeffer have to say is very important, and everyone should be aware of their work. Another important writer is Jon Katzenbach who recently wrote a book on the importance of pride in motivating people and getting things done. The trouble with financial incentives is not that they are weak tools– the problem is that they are too powerful and distract attention away from any other factor or source of motivation. They are very blunt, unsophisticated tools that people rely on too much. If you say to someone “Do this and I will pay you” it always ends up coming across as “Don't do it for any inherent meaning, purpose or value, just do it for the money.” And the minute people start doing things with no commitment other than to get paid, they do it less well, not better.

The problem is compounded by the fact that it is impossible to include all possible outcomes in the incentive scheme. You end up being required to reward people if they achieve the things included in the incentive scheme, even if they have failed to do other important things that are essential for the organization's success. An obvious and common example is having incentives for individual performance. Where these exist, people will always omit teamwork, but since you have promised an incentive, you have to pay them anyway. None of this means that

you don't pay more to those who contribute the most. It just means that you must have a reward system which is based on qualitative judgments, not explicit quantitative incentives.

It is also important to note that reward systems ARE good at rewarding performance – they are just not good at creating it. To help people achieve more, it is insufficient just to say “Get there and I will pay you.” That assumes that the only barrier to performance is motivation. However, there are many other reasons people don't or cannot perform at a higher level. Maybe they don't know how. If that is the case, no amount of incentive will change things. As I tried to show in my article “A Great Coach in Action” you raise performance by managing people, not just by creating incentive schemes.”

Coert: “I think that is a great article. It is the one in which you talked about how, years ago, you had just started at Harvard University as an assistant professor and felt you weren't really performing too well ([read](#) or [listen](#)). You described how a senior colleague walked by your room and talked with you informally for just a very short time and managed to really get you going in the right direction. Very impressive! What's the essence for you in what happened in that conversation?”

David: “There were many lessons, but the key comes down to this: like a good parent, my senior colleague was able to show both a disciplined commitment to standards like “Come on, you can do it” while simultaneously being on my side and actually helping me. This duality has often been recognized. The people who wrote the book back in the 1960s about The Managerial Grid called it having both a task focus and a people focus. The authors of Built to Last called it avoiding the tyranny of the either/or. My friend Peter Friedes wrote a book called The 2R manager where the 2 R's stood for requiring and relating. It's all the same idea. The fact that it's a common thought does not

make it easy to do. I used to think that I was getting the balance correct by being demanding on some days, and supportive on others, averaging out -I hoped- to a balanced approach. Of course, this is not the message. If you do it that way, all you end up with are schizophrenic people who never know how you are going to behave. The real art, which you have to learn with your kids as well as your employees, is how to be both demanding and supportive simultaneously. It's not that easy to learn if you are not a natural. It takes lots of practice."

Coert: "Talking about being a natural.... a popular perspective in the field of human performance development is the *strengths perspective*. The people from Gallup for instance have argued and shown that focusing on strengths is critical for achieving career success. They say you have to identify your talents and complement them with skills and knowledge so that they become strengths. I understand you put the focus more on interest and passion, don't you?"

David: "I like the Gallup material very much, and think they have made a significant contribution. To the extent that you are just comparing strengths and weaknesses, I think they are entirely correct that the focus should be on building on strengths, not on correcting weaknesses. However, they would be the first to say there are also other dimensions that determine career success. My research -and my own life experience- suggests that if you were really to examine the difference between who succeeds and who only does okay, what you would find would not be a difference in abilities, strengths, IQ, interpersonal skills or any other kind of capability. Instead, my work suggests that the only competitive advantage is something variously described as energy, excitement, enthusiasm, engagement, passion, drive, discipline, determination or ambition. Those are not all the same thing, but I think they are all facets of the same glittering diamond – a

state of mind that says: "I'm going to try, and fail, and try again, and just get somewhere!"

If you accept that it is the lifelong willingness to keep trying that determines success, in spite of strengths or weaknesses, then it raises an interesting question. Are you just born with this frame of mind, or can good managers create it in others? I'm not completely sure of the whole answer, but I do know that bad managers can and do destroy enthusiasm, passion and excitement. I think the best managers can not only 'get out of the way' but can also find a way to uncover and channel the enthusiasm that most people want to bring to their work. Finally, I think that good managers have to have the courage to ask employees or colleagues who do not feel passionate about the organization's work to leave. There is nothing more certain to suppress energy and enthusiasm than being forced to work with others who do not show it. Because of all of this, management is not easy, but it is crucially important."

Coert: "I guess this is linked to your point of view that management is mainly a matter of attitudes and principles, more so than a matter of knowledge, intelligence and experience. Why are attitudes and principles so important in your opinion?"

David: "A key to my thinking is that whenever I am trying to think through what would work on other people, I always begin by asking "What would work on me?" In this situation, the question becomes "What kind of manager would have the most impact on me, and cause me to stretch, raise my game and perform at the highest levels?" My answer is that before I care about the manager's skills, I would want to know why he or she is trying to get me to do something.

If I believe he or she is trying to help me, then I will accept challenges, listen to input and, maybe, even accept some criticism. But first, I need to believe that the manager is on my side. If I believe that you, the manager, are

not here to help me but are trying to get me to do more, or different things only to make you, the manager, look good, or to help the company, then I will listen a lot less, only grudgingly accept criticism, and will be unlikely to be excited. In spite of what many managers think, only a very few people will do things for the greater glory of the company or because I buy in to some institutional vision. It can happen, but it's not very common. So, above all else, managers must be able to convince those they manage that the manager has the right attitude – that the manager is focused on helping the subordinate achieve more. Notice that this is not meant to be idealistic. The manager's goal is to get me to raise my game and perform more, so that the organization can win and the manager can look good. There's nothing wrong with the manager having those goals, but that's not the reason I'm going to try hard.

The trick of managing is getting people to do things for themselves that turn out to help the organization. And if I believe your motives are pure -you are really trying to help- I will forgive you some poor skills, some weak language or occasional wrong actions. When it comes to winning my cooperation, your attitudes as a manager matter more than your skills.”

Coert: “Many of our readers are interested in the topics of managing change and executing strategy successfully. These require buy-in from the employees. How do senior executives demonstrate leadership while still letting good initiatives bubble-up from the workforce?”

David: “As I have written previously, you can choose to manage the WHAT, the WHY and the HOW – what the organization is trying to do, why it is a worthwhile thing to do, and how it can be done. The secret to effectiveness, I believe is that management needs to be very clear about the WHAT – that means removing too many dreams, and

setting do-able, achievable targets. If everyone is completely clear about what the organization is trying to accomplish, then it is possible to delegate decisions and get hundreds or thousands of people to do the right thing as they do their work. If management has been vague - or has exaggerated or misrepresented what it really is aiming for – then what results is confusion. People need management to be clear, consistent and to practice what they preach – otherwise they don't really know what they should be doing.

The second thing that management needs to be good at is providing a meaningful reason WHY the goals that have been set are worth striving for. Management must be convincing that there is a worthwhile purpose to what the organization is trying to achieve. If people do not agree with the purpose, they will still come to work, but they will only act in “compliance” with the work rules – what they must do. This is not enough. If the organization is to excel at its purpose, people in the organization must accept that there is a valid reason to struggle, to solve problems, to deal with difficulties, collaborate with others, and all the other little and big things that come up every day.

And, of course, make money for the shareholders is a valid reason, but might fail the test of being a source of great motivation for the thousands who work in the organization. It's a valid goal, but it's not a very motivating purpose. If you want me to do the things that make the shareholders rich, give me a reason that *I* can believe in to do those things. Tell me what it means to me. Because of this, the most effective managers are those who actually have ideals and principles that other people also believe in and want to follow. For example, if you say you believe there is a morally correct way to treat customers, and I believe that you believe it, it is more likely to ‘get me on the hook’ than saying it will make the shareholders rich. It turns out, from research that I have done, that the managers who are seen by their people to believe in

something – to have an ideology - actually make the most money. If a manager has been effective in managing the WHAT and the WHY, he or she does not have to be too specific on the HOW. The rest of the organization can be trusted to solve problems, and you can tap into the creativity and strategic problem solving of everyone – and make a lot of money this way!”

Coert: “I’d like to get back to the word strategy once more. Some cultures don't seem to value strategy as much as others, leaving them to react rather than "pro-act". What is the value of strategic thinking in your opinion?”

David: “I am not a fan of Grand strategic thinking either for individuals or for organizations. Too frequently, this just results in identifying dreams and visions which change nothing. However, I do believe that every person and every company must and should do something each and every three months, to build for the future. If we do not invest in our future, we will fail to adapt as the world around us changes. So, on a regular basis, it is necessary to ask “what can I/we try next, as an experiment that will make things better and get us more of what we want?” Most innovation fails, but individuals and organizations that don’t innovate die. The key is to keep trying something new, making small incremental investments as a regular part of the way you live. It’s the difference between strategic thinking (about which I am skeptical) and regular strategic behaviors, which I support.”

Coert: “I like that way of putting it. As a final question... what are the small incremental steps forward you are trying to accomplish yourself right now. Would you like to share that with our readers?”

Very slowly, after 25 years of focusing exclusively on professional businesses, I am experimenting with expanding my scope to other kinds of companies and organizations. I was frightened before about doing this,

because I didn’t want to become just one more generalist consultant who did a little bit of everything.

But, I calculated that, at age 58, I can afford to broaden out a little. So, I have just done my first piece of work with a non-profit organization in the social sector, and also some strategy work with a manufacturing company. Luckily for me, my thoughts and ideas seem to apply in those new areas, but I am going to proceed with caution. No overnight revolutions, just steady innovation and continual learning – I hope!

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