

# Changing and embedding cultural transformation

When Paul Dickson was appointed to the Board of accountancy firm Armstrong Watson in 2008, it marked ten successful years with the business. During that time, he'd led and grown the financial services team as well as launching an asset management division, handling almost £900 million worth of client accounts.

Having joined Armstrong Watson in 1998, Paul had long enjoyed leadership oversight, gaining an intimate understanding of how the business operated across its multi-locations in the North of England and Scotland. What he determined was a mis-match between a fast-changing industry and Armstrong Watson's culture. In becoming a Board member, he proposed a project that would transform the 150-year-old firm and prepare it for the challenges ahead.

According to Paul, it became apparent to him early on there was no real clarity from a Board perspective around who Armstrong Watson was and what the firm was trying to achieve. While the different divisions had their plans, the business lacked a joined-up focus. Each Partner, he claimed, would have given a different response when quizzed about the firm's identity and objectives. With a workforce increasingly demanding structure and a sense of purpose from their chosen employer, as well as clients seeking "partners" offering "collaborative solutions" rather than traditional instructive accountants, it was necessary, in Paul's view, for Armstrong Watson to change its approach or risk falling behind competitors.

In 2008, an external consultancy was hired to facilitate strategy workshops at the firm where employees — including Directors, Partners and Managers — came together to conceive a road map for where Armstrong Watson was, where it wanted to get to and what it needed to do to from a cultural perspective to achieve its ambitions. Discussions focused on basic things such as what being part of Armstrong Watson meant, as well as "what good looked like" regarding the ideal employees the firm wanted to attract. Clients were also engaged as the firm sought to understand perceptions of what it was like to deal with Armstrong Watson.



Paul Dickson



The result of these sessions was agreement of the culture the business wished to adopt, underpinned by four core values — trust, honesty, passion and humanity. These became the starting part of the firm's cultural journey and transformation, which was formally launched in 2009.

In outlining the four values, Paul highlighted how they helped focus the business on meeting the needs of its clients while embedding a desirable culture. Companies don't hire accountants to tell them what to do anymore, he explained, but rather they want to find a partner who will "work with them, will get involved in their business and understand their issues." Associating its brand with 'Passion' reinforced the message that Armstrong Watson only hires people enthusiastic about what it does — helping family-owned clients run successful and profitable businesses, achieve prosperity and secure a future and peace of mind for their families. "Changing lives for the better," said Paul, adding: "Everybody at Armstrong Watson should be clear about this objective and passionate about delivering it."

Regarding trust, it was a simple sentiment, according to Paul — it reassured clients they could always be confident that the business would deliver on its promises. Internally too, in his words: "the value acts to remind employees to trust their colleagues, demonstrate integrity and, at the most basic level, be polite and invest time in each other." Honesty and humanity are linked to this. When conceiving the desirable culture of the firm, Paul and his peers expressed broad agreement on imbuing an open, honest and above all, fair working environment. Critical to achieving this was promoting an empathetic approach when dealing with difficult situations:

"Whether its performance management or having tough conversations with clients, having empathy for the other person is essential. Feedback must always be given in a humane way."

The process of "distilling what good looks like" at Armstrong Watson also led to establishing a further five key competencies (can-do positive attitude and work ethic; client-focused; commercial, practical and efficient; people-focused; and team working and internal influence) intrinsic to the firm. In addition to trust, passion, humanity and honesty, these nine factors became foundations for a competency framework allowing the business to test for these qualities, as well as technical skills when hiring. Even if a prospective hire demonstrates exceptional technical skills, if they have behavioural competency shortcomings, they won't get hired. Paul explains:

"The competency framework allows us to drill down exactly what we mean by each area; so, for 'can-do positive attitude,' we'll consider the language they use in their interview, and ask for examples of where they've gone the extra mile for a client or when they've taken ownership of a task. Everybody who comes for an interview at Armstrong Watson receives a copy of our culture booklet beforehand, to help them prepare. They can judge for themselves too — if they don't like what they read they can drop out of the process."

Paul admitted that even eight years since the launch of the cultural transformation project, the firm doesn't always get its hiring right. Once a person joins, though, and it becomes clear a disparity between the firm and the employee exists, the issue is soon rectified. The rule, he



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noted, is to accept short-term pain for long-term gain. It's generally agreed that while an individual may show technical prowess if they don't fit the culture they won't fit with Armstrong Watson clients either.

These circumstances, though, don't arise often. Paul says the desirable objective, in line with Armstrong Watson's values, is always to "develop people and help them become the best that they can be in their field." This rationale approach, on a case by case basis, encourages managers to acknowledge that if someone has broadly 'got it', but has some behavioural competency development areas, the onus is to work with that person in the most appropriate way to improve certain areas, like any business would if an employee had a gap in their technical knowledge. The competency framework also forms parts of the firm's appraisal process and employees are rewarded, and progress through the salary bands, based on their effective demonstration of the four values and five behaviours.

Ensuring the values and behaviours remain visible at the firm, and the competency framework linked with professional development and success helps provides clarity for employees about what is required if they wish to progress through the firm. Paul emphasised, however, how they don't set out to produce clones. Armstrong Watson recognises that accountants by their nature are "detailed, careful, systematic types" who aren't predisposed, for example, to expressive passion and enthusiasm. If they're amiable, though, then there's no reason they can't succeed. In Paul's words: "We want to make sure our people can grow and develop within their team, and that their manager is coaching and developing them. It's all about professional development and career progression, looking after people and giving them a positive experience."

When people do step-up to managerial level, however, some focused fine tuning takes place to engender the correct style. The firm uses external trainers as well as its management development academy to get the best results, and each year all Partners and Directors go through a 360 feedback process — receiving comments from people above and below them — to ensure consistent alignment: For us, a manager is a lens through which you see our organisation. Our managers, therefore, should always represent what we stand for, exactly."

Commercial decisions too are integrity driven, even if it means losing out on monetary gains. As Paul explains: "Any opportunity, be it people or commercial, contrary to our values, is rejected. A prime example is that we don't allow anyone who joins Armstrong Watson from a competitor firm to breach their restrictive covenants — it flies in the face of trust and honesty to do that — and even though our competitors will do it to us, we always revert to our values to make the right choices."

These customs and practices have become so embedded at Armstrong Watson that the firm's leaders like to think of them as 'what happens when nobody is looking'. With multiple locations across the North of England and Scotland, however, Paul contends that achieving 100% consistency can be challenging and takes "time and effort" to get things right. All the leadership team are encouraged to make regular visits to other offices and as Managing Partner and CEO — a role he's held since 2011 — Paul will always aim to work part of his week at a different location.

At all 17 of its sites, the firm appoints 'employee culture champions' tasked with collecting ideas and feeding them back to senior management. Communication is maintained throughout the year and feedback can influence anything from office refreshments, to which charitable endeavours the firm will support. An annual business conference, where all employees come together to talk about the future, further stimulates engagement and embeds values and behaviours; and Paul himself goes on a 'CEO roadshow' once or twice a year delivering future strategy presentations at each location. Staff parties, charitable events and employee of the month awards, too, all make Armstrong Watson a fun place to work, as well as imbue a serious "getting down to business" attitude.





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The professional services industry, however, continues to evolve. According to Paul, factors such as a shifting power dynamic between accountants and their clients, higher service expectations and the diminishing hierarchical structures within firms, pose new challenges that didn’t exist 20 years ago. Much of this is driven by emerging technologies and amplified by a competitive market for talent. Within this environment, Paul stresses that the changes adopted by Armstrong Watson in the last two decades, alone, aren’t enough to guarantee its ambitious growth plans. Investing in technology, therefore, as well as making further adjustments to its culture, are top priorities for the firm over the next few years.

With companies seeking accounting partners that will immerse themselves in their issues, together with the prevalence of communication tools such as email, smart phones and apps (e.g. WhatsApp), Paul highlighted how clients have naturally become more demanding of their accountants’ time. Consequently, interaction with clients is more varied with the workload, far greater. These changes, he notes, have required Armstrong Watson to take a more modern and flexible approach to work:

“Working life is no longer nine-to-five, it’s twenty-four-seven and if a client wants a weekend or evening appointment, they should get one. We acknowledge, however, that our people, too, want more agile and flexible working environments. And if they’re expected to operate outside of ‘normal’ business hours, they should have the required flexibility to meet these client needs. In 2018, the message to our people is ‘we don’t care when or where you work, as long as you’re delivering for our clients.’”

Offices will still play a key role though, providing venues for client meetings as well as encouraging collaboration and embedding the identity of the firm. Paul sees a collaborative team approach as being the “ultimate factor that will guarantee the right outcomes for clients.”

At the heart of Armstrong Watson’s cultural transformation process is a desire to become recognised as an attractive place to work, as well as the first point of call for family owned businesses seeking strategic advice on how to become successful and profitable. Paul is confident that the firm’s ongoing dedication to evolving and embedding its culture, has achieved both wishes. What is evident is the quality of talent the business has attracted in recent years — in some cases, even luring people from the ‘Big 4’ — as well as positive feedback received from clients. In Paul’s words: “All the hard work we’ve put into our culture is coming to life in the experiences of our clients. That’s incredibly rewarding.”

On the back of its 150th year celebrations in 2017, which included commissioning ten portraits of family owned clients — some of which the firm had represented for over 100 years — Armstrong Watson entered 2018 with a positive outlook for the future. Its current three-year plan sets the business on course to turn over £23 million by the end of this year, and over £32 million in 2020. That’s through organic growth, investing in people and technology and taking market share. If it is to become the go-to firm for family-owned businesses in the North of England and Scotland, Paul admits they will need a bigger presence in Leeds, North Lancashire and West Cumbria, as well as entering central Scotland – the acquisition of Haines Watts in Glasgow in January 2018 a first step in achieving that aim – and a gaining a profile in the North East. Achieving success in all these areas will see the firm double in size, but thinking big isn’t a problem for Paul:

“Fundamentally, we’re building a strong, profitable, regional firm. All the Partners are aligned and pulling in the same direction and we’ve got clarity on what it is we’re trying to do as a business. If we get hiring and training right and make shrewd investments in our infrastructure, anything is possible.”

