



## Leadership, Trust and Intangible Services

### RELEVANT RESOURCES

ARTICLE:

[HR Leaders as Trusted Business Advisors](#)

ARTICLE:

[Ten Myths About Selling Intangible Services](#)

BLOG POST:

[Jack Welch Renounces Increasing Shareholder Value: Pigs Fly](#)

Consider the many books on leadership in business. Now think about the leaders those books routinely cite as examples. Jack Welch probably comes first to mind. Other names might include Neil Armstrong, Ray Kroc, Pat Reilly, Steve Jobs, Walt Disney, Lawrence Bossidy, or Lou Gerstner.

Now take this simple test. Imagine Jack Welch running a consulting firm. Imagine Lou Gerstner as CEO of an accounting firm. Ray Kroc running a law firm? Pat Reilly at an actuarial firm? Steve Jobs a commercial banker?

If these combinations sound a little “off” to you, there is a reason. Leadership is not a one-size-fits-all proposition. Most writing on leadership assumes a single definition of “business.” But leaders in certain businesses look decidedly different. Among those distinctive businesses, I would suggest, are retailing, high technology—and complex intangible services.



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Intangible services firms often waste considerable time and effort in management development--and in management itself--by focusing unduly on leadership themes that are not business-relevant. Why? Because of the unconscious belief that there must be

*Jack Welch  
 running a  
 consulting firm.*

*Imagine Lou  
 Gerstner as CEO of  
 an accounting firm.*

*Ray Kroc running  
 a law firm?*

leadership “best practices,” and therefore what’s best for GE must be best for everyone else as well. But the truth is, if Jack Welch was king, it was only of one particular kingdom.

For complex intangible services, relative to industry at large, some leadership traits are more important--and some less important. The relatively more important themes are trust, coaching and values. Among the relatively overrated are vision and rewards systems.

### GALP (GENERALLY ACCEPTED LEADERSHIP PRINCIPLES)

The list below shows the results of an unscientific quick scan of the business leadership literature. There are fifteen topics, arranged

alphabetically. Most if not all these topics fall within four components of leadership identified by Warren Bennis, the leadership’s top guru--vision, communication, trust, and personal characteristics.

### LIST OF LEADERSHIP TRAITS: VARIOUS SOURCES

- Charisma
- Coaching
- Credibility
- Expertise
- Implementing consistent systems
- Inspiring people to greatness
- Integrity
- Leading by example
- Organizing for flexibility and responsiveness
- Personal development
- Story-telling
- Team-building capabilities
- Trust
- Vision
- Values

The two “biggies” in leadership for industry at large may be **vision and alignment**.



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Vision is critical for leadership in many businesses. Without the compelling vision of an original leader, what would have become of Apple, Microsoft, McDonald's and WalMart? Roberto Goizueta, as Coke's CEO, gave a perfect example of leading by vision when he spoke of "a time when every faucet is used as God intended."

*But intangible services are about abstractions, and managing relationships to get there. They're about process, not endpoints.*

Alignment is the other major leadership theme—alignment of message, rewards, incentives, measurement, and examples of leadership behavior. This focus on alignment is similar to the focus on vision in one respect—each is about the relentless reinforcement of a single, central theme, critical to the organization and its strategy.

Pick your metaphor: leadership in industry at large is like a) turning an aircraft carrier, b) being trail-boss on a cattle-drive, c) playing 3-dimensional chess, d) all the above. Leaders combine high-level direction-setting with the coordination of tactical complexities—relentless reinforcement of a theme. Key?

Yes--for industry at large.

### WHY LEADERSHIP IS DIFFERENT FOR INTANGIBLE SERVICES

By contrast, the dominant metaphor for intangible services businesses is widely accepted—it's herding cats. And that is a very different leadership job.

The list on the next page itemizes differences between industry and intangible services. Leadership in industry, of course, focuses on tangible "things"—markets, products, technologies, competitors, market shares, brand images, placement, positioning.

But intangible services are about abstractions, and managing relationships to get there. They're about process, not endpoints. The focus must be more on client service than on market share or competitive triumph. Every product/customer experience is non-trivially unique. Perfection is not about zero-defects, but about unbounded excellence, and it has no upper limit. The relevant sports metaphor is not football, but more solo sports like baseball or basketball. Professionals are, by and large, more driven, intellectual, internal, needy,



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hard on themselves, abstract, aloof, sensitive, and neurotic than their general management brothers and sisters.

In industry, strategy generally drives organization. In complex intangible services, strategy is as much driven as driver. An accounting firm may “decide” in annual planning sessions to

invest in M&A work; but the real driver behind the “plan” is inevitably a partner or two who have a personal passion for the work. Visionary leadership is great for Coke, GE, et al. “Be number one or number two in every business we are in” means something

in a business like jet engines, where the top player of 3 may have 50% market share. It’s less useful in consulting, banking or law, where there are hundreds of competitors, where the professional is the product, and every client/professional experience is unique.

*In complex intangible services, visionary leadership is overrated.*

### COMPLEX INTANGIBLE SERVICES: DIFFERENCES

- No physical product
- Smaller organizations

- Far greater individual autonomy
- More matrix or practice management
- Higher average salaries
- Professional/staff, not non-exempt, exempt
- Fewer direct reporting lines
- Lower levels of industry concentration
- Certification driven expertise (CPA, JD, etc.)
- Less history of branding
- Apprentice system of personal development
- Less functional specialization re selling
- More fluid, ad hoc teams
- No upper limit to quality (e.g. no 6-sigma)

### DEVELOPING LEADERS FOR INTANGIBLE SERVICES

In complex intangible services, visionary leadership is overrated. The best leaders inspire not by the relentless reinforcement of a theme, but by demonstrating a passion for client service. A vision is an idea—client service is an attitude. Visions are about goals; client service is about mindsets. Leaders in



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industry capture attention; leaders in intangible services celebrate paying attention. In this one respect, intangible services businesses are more values-driven. I don't mean social virtues, but values like client focus and collaboration.

Measurement systems also matter less.

*Leadership in intangible services is mainly about personal growth. That is not a platitude.*

When every client situation is unique, the apprenticeship model applies; leaders must focus less on refining measurements, and more on getting the right people to do the right things, despite measurements.

Leadership is less systemic and more personal. Cats are unherdable--that's the point of the joke. But they can be led, precisely by appealing to their cat-ness. Great leaders help people to grow, to replace their fears by cultivating curiosity, to subordinate their egos to client service, to dare to be great and constantly challenge themselves—to gain the ability to trust, and earn the right to be trusted.

Leadership in intangible services is mainly about personal growth. That is not a platitude.

In a business where every client/service delivery event is unique, personal growth is a strategic sine qua non. Leaders must above all grow people.

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