
**Aligning the Stars:
How to Succeed When
Professionals Drive Success**

Jay W. Lorsch and Thomas J. Tierney
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In this new book, Jay Lorsch (a senior Harvard Business School professor) and Thomas Tierney (former chief executive of the consulting firm Bain & Company) focus on what they see as the most critical success factor for professional service firms. That factor, unique to such firms, is the ability to recruit, nurture, and exploit its stars. No, this is not a text on astrology. The stars referred to are the “individuals who have the highest future value to the organization, the men and women in critical jobs whose performance is central to the company’s success.” The authors argue that stars are more critical to professional firms than to other kinds of organizations. They aver that the stars “propel the business model along all three of its dimensions: building enduring client relationships, consistently performing up to their full potential and putting the firm first, and implementing strategic imperatives.”

Essential to success in nurturing and exploiting stars is alignment, which ensures a good match, in the various activities and systems of the business, between what the business needs in order to be successful and what its stars need in the way of professional rewards and gratifications. And most of the book, addressed to those in managerial roles in professional service firms, is dedicated to describing how that alignment can be achieved. The exception is the last chapter, addressed to the individual professional.

These descriptions of what’s needed for success are largely a distillation of what the authors discovered in research on the practices of 18 large, successful professional service firms ranging from Price Waterhouse (accounting) to Goldman Sachs (investment banking) to Ogilvy & Mather (advertising) to IBM Consulting (IT consulting) to Fulbright & Jaworski (law) and to Bain (naturally) and McKinsey (both management consulting) and . . . well, you get the idea.

The authors believe that to achieve the best alignment possible, four operational dimensions of firms must be at the center of attention: strategy, organization (including “people systems”), culture, and leadership. Each of these subjects is dealt with in a separate chapter.

The book describes how a firm’s strategy affects and is affected by the alignment between the firm and its stars. The latter have “an alarming tendency to do whatever they want regardless of the wishes of the firm’s leaders . . . Stars may not pay attention to strategic pronouncements.” Or they might not care enough to modify their behavior. Thus, the job of mobilizing energies around the firm’s stated strategies may be a much tougher chore in PSFs (as the authors refer to professional service firms) than in more hierarchical organizations.

Besides that, there are a number of givens that hold true in the strategies of many other types of organizations, but less so in PSFs. Barriers to entry, for example, while formidable for many industries, are almost nonexistent in PSFs. Thus it may be relatively easy for newcomers to assail territory captured over many years by early entrants. Similarly, economies of scale may not mean much where the major work is performed in small teams that can be just as powerful in small firms as in large ones.

As to organization, the authors make the point that in most business organizations “strategy leads and organization follows.” That is, the company sets its strategic course and then it designs the structure most suited to

implementing that strategy. In PSFs, on the other hand, power is attached to individuals as well as to positions. Thus, the professionals who are outstanding in their subject areas and in their client relationships exercise an influence that derives from these accomplishments and may not be related to any official job title in the firm. This reality, say the authors, accounts for the fact that in PSFs it is often the organization patterns that lead “while the firm’s strategy limps along behind.”

They then make the evident point that the relative importance of the individual over the inherent thrust of the business means that traditional hierarchical structures won’t work in PSFs. Some version of partnership seems to work best—or a matrix structure where there are some temporary groupings (as in project teams) within the larger partnership relationship.

Equally challenging is the fact that the whole concept of partnership evolved from a relationship among small groups of associates. When there are thousands of partners, as there are in many PSFs, what does partnership really mean? That is an important question the authors pose but do not answer. They do, however, suggest that “participatory democracy” best describes the organization of PSFs—with both the strengths and weaknesses that inhere in that form.

Regarding culture, a number of specific characteristics are cited as critical to health in successful PSFs: belief in the partnership spirit; belief in maximizing the effectiveness of the client teams on which the stars serve; belief in the sense of community; belief in the right balance between focus on clients and focus on the stars; and belief in the perpetuity of the firm. Since “culture is a stronger force for unity and coherence than any formal document could ever be,” these cultural issues must be a matter of constant concern for management.

The key themes established early in

the book are revisited as each subject is covered. The title of the chapter on leadership, for example, “Leadership Without Control: The Power to Persuade,” suggests its essence. Stars can’t be ordered around. Thus successful leadership requires the ability to achieve consensus among large numbers of fellow partners around critical decisions. The many stories about the failure of Arthur Andersen make clear that even if its CEO wanted to reverse the subversion of accounting and other principles by many of his associates, he probably would have broken his sword in the attempt. By contrast, someone in Jack Welch’s position at GE would have had no such problem. Given the fact that consensus building is so essential, the authors cite a number of personal characteristics that make for good leadership at that task.

Woven among the chapters on strategy, culture, organization, and leadership are chapters dealing with other relevant topics such as mentoring potential stars, guiding their career development, and mediating between the goals of individuals and the goals of the firm. One chapter emphasizes what stars seem to want from their work life and describes how the firms studied provide those needs. The book moves smoothly over many other topics, such as salaries, promotions, titles, management practices, and dozens more—sharing experiences from the firms studied and the authors’ views and perspectives. Most of that is useful and on point—but not all. For example, firm managers are advised to view the departure of a star not as a defeat but as a step toward creating a powerful alumni association. There is a bit of fantasy in that advice. McKinsey and a few other firms have made an alumni association work, but this advice seems the equivalent of telling a losing team they really won a moral victory.

Overall, the book provides a comprehensive view of the important top-

ics related to successful interaction between the needs of PSFs and the needs of their stars. Anyone managing a PSF should benefit from the perspectives provided. Case illustrations and vignettes help translate the concepts into real-life issues and practical counsel. Unfortunately, some of the cases read like PR copy from the firms studied, with both the principles and the principals of these firms quoted as if the material had been etched in stone on Mount Sinai. The actual management dynamics of PSFs—including the very successful and well-known firms studied—are much messier than the book conveys. Having labored in the PSF vineyard myself for many years and being familiar with the workings of many firms, I found the idealistic portrayals a bit too saccharine. Even if disguised, a few impartial tales of some of the real political and professional struggles that frequently occur in such firms would have made the book more realistic and useful. Moreover, while the sweeping survey of a wide range of topics makes the book comprehensive, I wish the authors had selected a few critical topics and really worked those issues in depth.

Nevertheless, the book focuses the spotlight on crucial issues that have not been adequately dealt with in the literature, and it touches systematically on a range of variables that directors of PSFs should profit from pondering. The book could well serve as an agenda for a series of work sessions by the managers of any PSF—or by the managers together with some of the firm’s stars or stars-to-be.

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