



PWC'S THE NEW EQUATION: CONVENING LEADERSHIP TO BUILD TRUST AND DRIVE SUSTAINABLE OUTCOMES

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► A STRATEGY TO REPLACE VISION 2020 AND UNDERLINE EVERYTHING WITH TRUST

In October TBR met with PwC's JC Lapierre, chief strategy and communications leader; Shannon Schuyler, chief purpose and inclusion officer leader; and Joe Atkinson, vice chair and chief products and technology officer. In a wide-ranging discussion that built on previous briefings and TBR's continued analysis of PwC, TBR questioned the three specifically on The New Equation, PwC's long-term global strategy announced earlier this year. Among the highlights:

- PwC hopes that after it has fully executed against The New Equation people will consider the firm to be the most significant conveners of those who can lead and are leading to change.
- The internal organizational changes for the U.S. firm that are necessary to implement The New Equation started years ago and will continue to be refined, but The New Equation does not merely equal organizational change.
- The newly launched PwC Trust Leadership Institute may prove to be a significant differentiator at a time when the Big Four firms appear to be increasingly alike.
- PwC's approach to technology, even with the advent of PwC Products and tighter alliances with technology giants like Microsoft (Nasdaq: MSFT) and Google (Nasdaq: GOOGL), remains rooted in people and business challenges; technology alone cannot transform companies and drive sustainable outcomes.
- Everything circles back to trust, the most raw and simple value driving PwC's relationships and underpinning the firm's purpose.

The following reflects some of TBR's discussion with PwC and includes insights from TBR's previous reporting on PwC.

► CHAPTERS, PLAYBOOKS AND CONSTRUCTS: PHYSICAL IMAGES FOR THE NEW EQUATION

Using a five-chapter book as a metaphor, PwC's leaders said the firm's new global strategy included choices around trust and sustained outcomes, investments to help the firm better serve clients, a rewiring of the organization and how PwC works to better serve its clients, enhancements to the firm's people experience, and extensions into the larger community — essentially an explicit understanding of the obligations and responsibilities PwC takes on across its entire ecosystem.



Of these five “chapters,” PwC’s leaders explained that the third and fourth — how PwC works and the employee experience — shifted the most from pre-pandemic plans and idea to their current form in The New Equation strategy. In both areas, the realization that “taking care of people” had to be a fundamental aspect of the firm’s larger purpose became clearer when the pandemic focused attention on employee safety, health and well-being.

Reflecting further on COVID-19’s impact, the PwC leaders noted the firm had a new strategy ready in April 2020, shelved it, and refined it into The New Equation this year. When asked about the range of voices contributing to formulating the strategy, Atkinson said the firm’s leadership listened to clients; professional across the full spectrum of the firm, from senior partners to less experienced staff; thought leaders in the strategy and professional services space; and PwC’s technology partners. Additionally, Lapierre reassured TBR that The New Equation reflected a global PwC strategy, not a U.S.-based one, and that the “comprehensive stakeholder approach” to formulation required the full participation of the firm’s global leadership.

Expanding on changes to how PwC itself works and the organizational shifts needed to implement The New Equation, the PwC leaders described leaving behind a “practice orientation” and adopting a “client orientation.” Over the previous half decade, according to Atkinson, PwC has been pivoting toward teaming across the firm, bringing multiple partners — across cybersecurity, risk and tax, for example — into consulting engagements. Combined with accelerated organizational changes around the firm’s own digital transformation, going to clients more cohesively as one PwC has helped the firm “redefine how value is delivered” to include an enhanced integration of experiential working and delivery.

Atkinson, along with Lapierre and Schuyler, emphasized the pandemic was not the sole catalyst behind these internal changes, although PwC’s response to COVID-19 included accelerating changes already underway. TBR’s analysis of PwC over the last three years has repeatedly highlighted foresight and calibrated evolution, with The New Equation potentially both a capstone to monumental transformation and the foundation for the firm’s next generation.

Investing in clients’ leaders and solidifying trust

A key element to The New Equation, as described by Lapierre, is the newly formed PwC Trust Leadership Institute, a “significant investment” by the firm in sharing its expertise around trust and leadership. The PwC Trust Leadership Institute is aimed to help CEOs and other C-Suite executives, corporate directors and senior-level employees aspiring to the C-Suite as they navigate their organizations through the significant shift that has taken place in society today, particularly in a post-pandemic environment with new challenges around transparency, managing employees and keeping pace with change.

In TBR’s view, this initiative around trust and leadership could provide PwC three advantages. First, by explicitly linking The New Equation to leadership and trust, PwC can fulfill its purpose of building trust in society and solving important problems and enhance the firm’s brand to achieve differentiation from Big Four peers, a feat persistently difficult to pull off. Second, building PwC’s expertise around leadership should benefit the firm’s professionals, contributing to an all-around more attractive and sustainable work environment. In tracking attrition spikes across IT services vendors as well as the ever-continuing war for talent across consulting, services and technology, TBR believes vendors that are focused on long-term leadership development, rather than short-term fixes like compensation boosts or employee perks, will be better able to attract and retain top talent. Third, PwC Trust Leadership Institute should provide PwC additional — and more personal — access to business leaders and decision makers at its clients and across the wider market. The pandemic and the rise of virtual everything additional barriers to gaining access to the C-Suite and maintaining meaningful relationships. A shared space for business leaders, academics and PwC



professionals to learn and collaborate on leadership and trust could substantially improve PwC's efforts to widen and deepen its reach across the C-Suite.

In discussing clients, Schuyler, Lapierre and Atkinson said The New Equation had been enthusiastically received and has become integral to how PwC professionals discussed their shared future with their clients. Globally, PwC partners were leaning into the trust and leadership components of The New Equation and finding clients receptive to, and even welcoming of, PwC's efforts to "peek around the corner" at trends, challenges and opportunities on the near and far horizons. Atkinson called The New Equation a "construct which helps make the world less random" for clients. Echoing sentiments TBR has heard from Big Four peers, technology vendors and enterprise buyers of digital transformation services, Atkinson added that "change was in the works, but the pandemic showed how much change was possible." In TBR's view, that description fits both PwC's clients and PwC itself.

Technology partners' embrace of The New Equation remains critical to PwC's success

In assuring TBR that PwC's technology partners were "all in" on The New Equation, PwC's leaders made three distinct and interdependent arguments. First, technology alone cannot drive sustainable outcomes. This is a core understanding about their clients' challenges and digital transformations that PwC's technology partners agree with and deliver — in partnership with PwC — accordingly. Second, PwC's approach centers on technology-empowered engagements and relationships, not PwC's capabilities plus technology-powered solutions. In TBR's view, this fine difference merits close attention. In many consultancies' or IT services vendors' alliances with technology vendors, each party closely adheres to their core skills and offerings, doing what they do well. TBR has long argued this "stay in your lane" approach — at a strategic level — differentiates steady performers from streaky winners and sometimes losers. PwC's mindset of "technology-empowered" pulls the capabilities close, without stepping into technology-centric, except where PwC's added value comes from the PwC-developed solutions themselves — that is, PwC Products. This leads to the third point: PwC believes the firm has positioned itself at the forefront of technology partners' strategic alliances — "the front of the train relative to thoughts of the partners," in the colorful expression of one of PwC's leaders. TBR appreciates that every consultancy and services vendor jostles for position with the technology giants, and PwC's relative position likely depends on geography, offering, client industry and even the individual people involved. In such an environment, PwC's decision to make The New Equation a strategic and clearly stated core value, something technology partners can easily align with, may separate the firm across the ecosystem.

📁 TBR'S QUESTIONS: GLOBAL ADOPTION, TECHNOLOGY'S PROMINENCE, AND PEOPLE

As TBR has tracked [PwC's recent transformation](#) — what we have described as the unleashing of the firm's people, technology and partnerships — we have been bullish on the firm's ability to sustain success while watchful on three specific fronts. Could the firm overcome barriers to internal collaboration, a legacy challenge of its global member firms construction? Would PwC's rapid advance into SaaS and technology-driven solutions diminish the firm's brand as a premier strategy, operations and organization consultancy? That is, would clients and the broader ecosystem see PwC as overly driven by and dependent on technology, at the expense of focus on clients' business problems? And did PwC have the leadership in place — across every level of the firm, but particularly at the top — to continue attracting and retaining top talent? Finding and keeping the best people in a highly competitive market does not come down to compensation packages and comforting perks. How professionals perceive their immediate boss and firm leadership often makes the biggest difference in attrition. With all the necessary organizational changes, accelerated by the pandemic, did PwC invest enough in its own leadership capabilities to manage through to sustained success?



Our initial assessment of The New Equation provides simple answers, befitting the simplicity of PwC's values around trust: Yes, the firm is global. No, it is not about the technology. And yes, the firm has the leadership in place to execute on a new strategy. TBR will continue to watch for strains across the firm and unexpected stumbles by leadership, as well as specific red flags around performance, client retention and alliances with key partners. In TBR's view, PwC remains a firm moving fast into a changed world, now equipped with a solid strategy and initiatives aimed at sustaining growth and persistently building trust.

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