## case studY: Deloitte

**Deloitte: “One Firm” Design, Many Partnerships**

Deloitte Touche Tohmatsu (Deloitte) has a single brand name that spans the world. It is a global network of independent member firms that provide audit, tax, consulting, and financial advisory services. About 165,000 professionals in 140 countries work for separate member partnerships coordinated under the Deloitte brand. This is true of the other “Big Four” auditing firms: Ernst & Young, PricewaterhouseCoopers and KPMG. These firms are comprised of hundreds of smaller organizations linked by knowledge, economics, and brand, each with one coordinating firm. The individual firms within the Deloitte structure are owned by partners who become co-owners or shareholders as they go on to become senior members of the organization.

The individual firms within the “one firm” design structure are largely unlimited liability partnerships doing auditing and/or accounting work. Even if some of the individual firms are limited liability companies, the senior members who become shareholders are still designated as partners. This design becomes a double-edged sword when a local affiliate is cited for accounting wrongdoing. For instance, PricewaterhouseCoopers will have to face regulatory and possibly judicial review if an individual firm in India was involved in fraud. The power and global reach of this organizational design are therefore offset by the risk of financial and material liability.

For many years, Deloitte has served as the external auditor for General Motors’ operations in the United States. Thus, it was dragged into accusations of accounting fraud allegedly perpetrated by the automobile giant and was accused of certifying falsified GM accounts. This sort of allocation places the “one firm” structure at risk unless Deloitte can differentiated and isolate where the actual liability lies. Even a hint of scandal can be problematic in a profession in which there is much ambiguity for so many people.

The differentiation process within Deloitte is accomplished in a relatively straightforward manner based upon independent firms and partnership structure under a single umbrella. The more difficult task in a naturally differentiated structure is one of integration. Deloitte has accomplished these critical tasks of coordination and integration through video.[[1]](#footnote-1) The company has been able to reach more employees and keep its costs down through visual media.

Deloitte made a strategic decision to launch a video department in 2005 for three reasons. First, the demand for Web video is increasing. The number of videos viewed by Americans increased 34 percent between 2007 and 2008, from 9.5 billion to 12.7 billion. Second, video can be a critical communication tool that actually saves money. For the fifty videos that Deloitte produced during 2008, they estimated a 300 percent return on investment (ROI), excluding savings on travel. Third, online communication skills have evolved dramatically in the past decade, both in consumption and production. Companies may already have professional staff with necessary skills for video communication without fully realizing that they do.

Deloitte has come away with six concrete lessons learned on how to produce engaging videos. First, have one big idea per video so that people come away with one main point. Second, think about what people want and/or need to hear rather than what someone wants to say. Third, tell a story with a beginning, middle, and end. Fourth, make the video authentic with sound bites that provide information and stir emotion. Fifth, keep videos short because most people tune out after about one minute. Finally, get metrics from viewers to ensure that the videos are connecting and making the intended positive impact. Ultimately, organization design and structure is about getting lots of people well connected and working together.

**Discussion Questions:**

1. In addition to web-based videos, what other methods of integration might be effective for a dispersed organizational structure like Deloitte?
2. One of the primary forces that lead organizations to reshape is globalization. How does Deloitte’s structure help it deal with the increasing global nature of the world’s economy?
3. Imagine that you are a senior manager at Deloitte charged with overseeing organizational efficiency. In your analysis of the organization’s structure, what would lead you to conclude that Deloitte’s dispersed structure is weak or deficient?

1. K. Frankola, “How Deloitte Build Video into the Corporate Strategy,” *Strategic Communication Management* 13 (2009): 28–31. [↑](#footnote-ref-1)