Partner Performance

The role it plays in motivating and retaining talent.

What role do individual partners play in the retention and motivation of a firm's talent? The answer – a significant one. Talent in the broad sense is defined as everyone who is employed by the firm.

Highly motivated administrative managers who remain with a firm over time can accomplish a great deal – they execute. But, when these managers leave, projects are put on hold and staff is left without leadership, structure and effective management.

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Highly motivated support staff who remain with a firm for longer periods of time also contribute daily to the service of the firm's clients and the success of the firm's professionals.

You have only to look to the attorney who is between assistants to understand the frustration and stress caused by high staff turnover rates.

Highly motivated associate lawyers who stay long enough add to both the top and bottom line, increase partner productivity and contribute significantly to the building and retention of client relationships. The select few who make partner add to the financial stability of the firm and its legacy.

When high turnover rates occur within associate ranks, marked decreases in associate productivity become evident because both departed associates and those currently with the firm are distracted. Partner productivity increases by default, profits remain flat - or worse, go into decline. In all cases, the recruiting costs negatively impact profit margin.

Much has been written on law firm culture. In short, culture can be determined by three main elements: what gets done; what gets focused on and what gets rewarded. Values determine behavior. Collective behavior determines culture. In professional services firms, culture is in part defined by the partnership compensation plan – what gets rewarded gets valued and gets done. If hiring the right people, motivating them to success, rewarding achievement and retaining the firm's talent is important in your firm, partners can and should be rewarded for their contribution to motivation and retention.

In turn, practice group leaders can and should be rewarded for development, motivation and retention within their group. If the highest paid practice group leader also has the highest turnover rate, then clearly, there is something wrong with the manner in which success is measured. If your firm claims to value professional development, but partners do not manage to find time to participate, then in all likelihood, associates and staff will be disinclined to participate. The result - the firm's investment is diminished.

As firms continue to move toward hiring more sophisticated administrative and professional talent management, three things typically occur. First, partners can fight against giving up responsibility and authority. Second, partners can abdicate their responsibilities to these administrative managers in order to concentrate their time on billable activities. Finally, and most favorably, partners and administrative management can work in concert to provide solid leadership and management to achieve more effective results.

The relationship between partners and managers and the impact the relationship has on staff can be compared to that of a family relationship. When Mom and Dad present a collaborative, combined front to their children – the children are happy and the family tends to function successfully. Law firms are not much different in this regard. The family analogy is quite fitting since the dynamic in law firms – certainly in every firm with which I have worked, described itself as a family. When managers are not given the authority to deal with day to day issues, the result is a “wait until your father gets home” scenario where the managers, through no fault of their own, lose credibility when that authority is questioned. When managers make decisions that are second guessed or vetoed by partners, those managers have little incentive to step up their responsibility level. They eventually fail to develop the confidence and authority needed to reach their full potential. Motivating? Not likely! Even if partners believe that their managers made errors during their decision making process, the managers must be supported and backed up by the partnership. If, over time, the partnership decides the manager is incompetent – that issue should be dealt with appropriately. In the meantime, trust their judgment, support their decision making skills and allow them the time to prove themselves capable.

In recent years, there has been an evolution in law firms towards professional management of the legal resources (attorneys and occasionally paralegals) through non-practicing attorneys and/or highly skilled human resource professionals to support recruitment, management and development of the professional staff. This investment goes beyond the employment experience with the firm and at best, through to alumni relations. The more successful firms work together with talented management to improve motivation, accelerate associate development and improve retention. A good experience turns departing lawyers into alumni rather than a complete loss to the firm when associates walk out the door.

How important is talent? Tom Peters said in his recent book entitled *“Re-Imagine”*, that “effective branding is more internal than external”.

- Talent is people
- Talent is brand
- Brand is talent
- “Talent is everything” (Peters)

Essentially, law firms compete for talent and clients. Each is intrinsically connected to the other. When your talent is happy, challenged and rewarded – you have something to brand.

So, the question remains - how do you get partners engaged? First, you must help them understand at a visceral level that talent really is everything.

In a recent study of 80 US law firms that had dissolved over a six year period between 1998 and 2004, more than half claimed an inability to recruit and a resulting inability to provide service to the existing client base as a significant factor in the firms' failure. In virtually all of the dissolved firms, lateral departures (otherwise know as a firms' inability to retain key talent – partners and associates) played a key role in the demise of these firms. Again, how do you get partners engaged? Help them to understand at a personal level that talent directly impacts their wallets.

Healthy turnover, particularly in the associate ranks, is considered to be approximately 16%. You may want to review the average productivity numbers for your firm for associates and partners. When associate turnover escalates beyond a healthy percentage, associate productivity decreases – guaranteed. When associate productivity decreases, partner productivity increases – guaranteed. Partner hours increase for a number of reasons. Partners will hoard the work rather than delegate when associate turnover is high. When a partner has invested in the development of an associate only to have the individual leave, the partner may not want to repeat the process with yet another new associate for fear of reoccurrence. This results in a resistance to training and mentoring. Accordingly, partners are forced to work harder to provide service to existing clients. It means non-billable time is reduced which directly impacts the activities that, in turn, impact the future – business development and professional development. Is the future of the firm at risk? Guaranteed.

In a firm where associate turnover increased from 16% to 30% in one year, partner productivity increased to compensate for lower associate hours. All partners had to work harder simply to maintain status quo. Working harder and spending more time at the office also meant spending less time at home. Consequently, net income per partner would be reduced. Have fun explaining that to your banker, or worse, to your spouse.

Healthy turnover benefits a firm at all levels. Healthy turnover means that the firm is monitoring performance and acting appropriately when employees are not measuring up to the firm's standards. It also means that the firm is making business decisions, setting goals and identifying roles that will help the firm meet those goals. Healthy turnover brings new ideas to a firm and keeps employees energized. Little or no turnover allows a team to become stale and inhibits the growth of new ideas. Little or no turnover also means the firm is creating roles around existing people, rather than creating a role to meet the firm's goals and sourcing the right people to meet the firm's needs.

Let's look again at brand. GE has been known for years as an incubator of leadership talent. GE and other large corporations measure the capability of their leadership development by monitoring attrition from their management ranks and, specifically, where their people are going. A law firm with a superb associate training and development program can and should measure associate attrition. Where are your alumni going? When general counsel is sourcing talent from your firm, it may be a measure of the good job that partners are doing in developing associate talent. Equally, it may be a measure of the respect your firm has earned in the business community. Can this be branded? Absolutely!

What can partners can do to motivate and retain top talent?

Here is a top ten list:

1. Set clear standards of performance and behavior at all levels.
2. Invest in professional development at all levels. It is not necessary to guarantee to keep all your people employed. What you can guarantee is that you will keep them employable by continuously building skill sets.
3. Invest in activities where administrative management can network with other professionals in their discipline which will assist in generating new ideas for the firm. This includes association memberships, local networking activities and attendance at national conferences.
4. Respect your people and their contributions.
5. Compensate at market rates.
6. Communicate both good and bad news. Ensure that you are timely and honest.
7. If your managers are doing a good job, support them and get out of their way. If they are not performing well, help them find success elsewhere.
8. Assess your needs. Define the roles needed to meet those needs and recruit to fill them both internally and externally. Find the best person for the job. Do not create roles for employees simply to keep them in the firm. You may be holding them back from future opportunities for success.
9. Reward achievement. Reward the value that your people bring to the firm.
10. Reward common sense.

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Finally and perhaps, most importantly to the success of your firm, understand your culture – what is valued, what gets focused upon and what gets rewarded. Be consistent and "walk the talk"

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