



How to Maximize Your Firm's Greatest Assets? Partner Performance Feedback

Partners in a law firm represent the firm's most valuable asset. In nearly every law firm, the partners are responsible for generating and managing the firm's clients. They are the face of the firm in the marketplace. And in many firms today, partners are also the most productive group of timekeepers, with higher hours and collections than other categories of lawyers and non-lawyer timekeepers in the firm.

In spite of this, many firms continue to question whether they should invest the time, energy and resources into providing partners with regular, in-person feedback about their performance. Feedback sessions are time consuming and resource intensive, and some firms question the value relative to the investment required. Other firms operate under the premise that law firm partners do not require feedback and should simply *know* what is expected and how they should be contributing.

We believe that this thinking is flawed and that firms that fail to provide meaningful feedback to partners are missing a valuable opportunity to enhance firm performance.

Why provide partners with performance feedback?

People react to the information they are given – or the lack thereof. The absence of direct communication about performance often results in individuals forming their own unguided conclusions about how well they are doing and what is expected of them. This creates the potential for a misunderstanding between the individual and the firm about the firm's view of a partner's contributions, and unfortunately despite some firms' hope that partners should simply *know* what is expected of them, many partners do not. Feedback sessions provide a forum for the sharing of information about what is working and what isn't working and better clarity in communication between the individual and the firm relating to the full range of a partner's contributions to the firm.

Beyond basic performance expectation setting, feedback sessions are a critical tool in addressing underperformance early on. Every firm struggles with partner performance problems at some level, and formalized annual feedback creates discipline in recognizing and addressing problematic performance before it becomes a long-term drag on the firm's economics. Underperforming partners often lack an objective sense of their own contributions, and, given natural human bias, they also minimize their performance problems when leaders aren't holding them accountable. Feedback sessions force both the firm and the individual to confront those challenges and start to take action to address them.

Often overlooked is the positive impact that performance feedback can have on the highest performers. While it is natural to assume that top performers don't require feedback, positive feedback can be just as critical to maintaining high performance and satisfaction. Many firms also underestimate the value effective feedback can have on raising performance across the broad range of middle performing partners. Raising the performance by 5% of each of the 50% of partners comprising the 2nd and 3rd quartile of performance will have a far greater overall impact than addressing the small minority of badly underperforming partners.

Of even greater value than the review and feedback on past performance, formal partner feedback sessions provide the opportunity to discuss *future* contributions. These meetings offer an ideal forum for discussing a partner's highest and best use in the coming year and agreeing upon how each partner should focus his or her time in a way which will have the most beneficial impact on the firm overall. This can be particularly constructive in helping mid-performing partners focus on how to expand their practices and reach their full potential. In the most ideal state, partner feedback sessions result in an improved understanding of how a partner can take action to better align his/her contributions with the firm in the coming year.

Finally, feedback sessions create a forum for communication between partners and firm leaders relating to client

Fairfax INSIGHTS

development and professional development as well. These conversations allow firms to ensure that partners are identifying and taking action to develop work from high priority existing and new clients, and are pursuing the professional development opportunities needed to achieve their goals.

What is the right forum and format for providing partner feedback?

For many firms, feedback on performance is provided to partners as part of the annual partner compensation setting process, in the form of a partner compensation interview or post-compensation feedback session. However, in other firms, particularly in the UK and among firms with lockstep or other compensation structures which are not based on individual partner performance, feedback sessions are structured separate and apart from compensation setting, as annual appraisal meetings.

Whether structured as part of the compensation setting process or outside of it, the best feedback sessions are ones which are led by firm leaders who are familiar with the partner's contributions and performance and who have some level of influence over partner remuneration, to create accountability and align rewards systems. In some instances this may be a PGL with influence over compensation outcomes. In other instances, this may be a member of the firm's primary governing body and compensation committee who has a familiarity with the partner's practice. There are a variety of approaches that can work but the linkage between leadership role, understanding of the individual's practice and contributions, and compensation influence is essential.

The focus of the session should be both retrospective (review of last year's performance) and prospective (identifying goals and commitments for the coming year). The session should culminate in an agreement between the individual partner and the firm on 3-4 key performance goals for the coming year. These goals should represent high value and actionable efforts, which leverage the partner's individual strengths, and which directly support practice and firm strategy. These goals will also provide the basis for evaluating that partner the following year, creating accountability and follow up on each partner's annual commitments to the firm, and reducing an over-reliance on individually oriented financial metrics.

What makes feedback sessions work, or not?

Unfortunately, providing partner feedback is not an entirely simple affair. It requires significant preparation and strong communication skills. The firm leaders charged with conducting feedback sessions must demonstrate a clear understanding of the partner's performance (based on both financial and non-financial inputs) as well as an ability to communicate with candor and where necessary, tough empathy. Leaders will need to convey knowledge of the partner's contributions and *potential* contributions, and provide messaging which will help motivate an individual partner to reach their potential.

Of course, feedback conversations which are poorly prepared for fail to deliver value and can do more harm than good. Similarly, sessions which don't allow for a two-way dialogue and a clear giving and receiving of feedback are ineffective and can cause firms to question the investment of time, energy and resources. Delivering feedback effectively requires developing leadership skills and aptitude around interpersonal communications, conducting difficult conversations, motivating professionals, and listening, in order to ensure that messages are well-considered and well-delivered.

Conducting partner performance feedback sessions serves as an invaluable tool for firms to maximize the contributions of their most valuable assets – their partners. Yes, providing partners with individualized feedback is time and resource intensive. However, it is worth the investment. When firms do not communicate directly with their partners about their performance, they fail to manage them, motivate them, help them, and align their efforts with the firm's overall direction. When firms regularly communicate with partners about their performance and the firm's expectations for their performance, they are better able to maximize and leverage the broader range of contributions that partners are able to make to the firm.

London

Principal: Giles Rubens
giles.rubens@fairfaxassociates.com
44 (0)20 3633 3943

Washington

Principal: Lisa Smith
lisa.smith@fairfaxassociates.com
202.365.4180

California

Principal: Kristin Stark
kristin.stark@fairfaxassociates.com
415.215.9294