fairfax

INSIGHTS

Partner Engagement – A Two Way Street

Employee engagement is a popular concept in the corporate world and is starting to become more common in large law firms too. When employees are engaged they are more productive, willing to work towards common objectives, and more likely to stay with the company/firm. The same should also be true of partner engagement. One might assume that partners, as owners of the firm, are engaged, but that is not necessarily the case. Partner engagement in the business of the firm is an increasing challenge and one that needs to be a priority for firm leaders if the firm is going to succeed.

Partner engagement is a two-way street. The leadership of the firm needs to create the opportunities for partners to be appropriately engaged in the business of the firm, and partners must also engage themselves. There is a delicate balance to strike to realize the mutual benefit of engagement for the firm and its partners. Not all decisions can be or should be made by a committee of the whole and leadership needs to have the ability to lead without micromanagement from possibly hundreds of partners. And, of course, firms are dependent on the individual and collective efforts of the partners to generate, manage and do the work so their energy must be primarily directed towards these activities. On the other hand, partner engagement in certain areas of management may improve the quality of the decision-making and will almost certainly improve the process of implementation.

The key is to identify those areas where partner engagement is critical and those areas where decisions should be delegated to the management team. While this may vary from firm to firm we believe there are three primary areas where partners need to be more engaged in the business of the firm: Strategy development and execution; financial management; and, enhancing firm culture and morale.

1. Strategy development and execution

Strategy development and execution may seem like an obvious one but all too often we find that not only are partners not engaged in the development of firm strategy but may not even support the basic tenets of the strategy. This can then imperil successful execution. We believe that strategy development requires building consensus and that this consensus is achieved most effectively when decisions are based on objective, thoughtful and clearly communicated analysis. Partners need to feel that they have a meaningful role in the strategy and partner engagement in strategy can come through a variety of mechanisms. First, the firm should provide a forum for partner input – whether that is a survey, one-on-one discussions, practice group meetings, or all partner meetings. Partners need to take the opportunity to voice their views and vision in these sessions. And of course firm leadership must listen to those views.

Second, management should communicate effectively along the way. This includes communicating findings, results of analysis and competitive assessments, and other interim communications. This helps to ensure that partners understand the analysis underlying the strategy. Third, the plan should be related to individual partners and their practices. The execution needs to involve practice groups, client teams and the individual partners. Each should have a plan that connects to the firm’s strategy. Partners, for their part, should make a constructive contribution to the process. Abdication is not an option and partners need to play an active role in determining the direction of the firm in which they practice.

2. Financial management

We find that many partners are unaware of even the basic finances of their firm. Stories surrounding some of the recent firm dissolutions indicate that some partners were not only unsure of the financial condition of the firm but unclear as to their financial obligation as partners. As the owners of the firm's equity, partners should have a clear understanding of the balance sheet aspects of the business – the assets and liabilities to which the firm is exposed. Furthermore, as the managers of a business they should understand the profit and loss aspects of the firm's finances – managing the business without a clear understanding of its economics is to stumble, blindfolded, around the competitive marketplace.

Most firms distribute regular financial reports to partners. Managing Partners will do regular updates by email or at partnership meetings. So why aren't the messages getting through? First is that the delivery and the metrics may not be meaningful to the partners. A report that highlights changes to financial policies or position, progress against budget and the implications for year end results, and variances from expectations will be more effective than one that simply reports on the basic numbers each month.

Second is that partners are not always taking the time to review the materials they receive. Partners need to get into the practice of reviewing firm financials at least quarterly. They need to understand where the firm stands and what they must do to contribute to the firm's financial health. There should be a forum for partners to ask questions or provide ideas – which can certainly be at the practice group or office level rather than the firm level. This is particularly important as pricing and service delivery models are changing. Partners need to know the financial implications of different staffing models, fee structures and alternative approaches. This doesn't mean that each and every partner needs to manage the finances of the firm but it does mean that partners need to understand them and take responsibility for their role in the firm's financial health.

3. Enhancing firm culture and morale

While some partners understand how important it is, and how rewarding it can be, to take an active role in the life of the firm, there are others who do not. The firm should present opportunities for partners to play an active role in the life of the firm but such formal programs only go so far if the partners are distant and detached.

The leadership should model ideal behavior, and the partners should follow their lead. This can be as simple as participating in firm events, thanking or formally recognizing lawyers and staff who have gone above and beyond, or actively assisting one's colleagues. Partners are owners of the business, and need the employees on their side for the business to succeed long term. Active engagement in encouraging and developing the people and culture that a partner values will support the development of a firm that the partner enjoys being a part of and with which engagement is a pleasure, not a chore.

In a world in which lateral movement has become more common and partners may not have shared several decades of experience with their peers it is easy for a firm to slip into a 'transactional relationship' with its partners. Such firms can be brittle and unpleasant places in which to work, not only for partners but for other lawyers and staff. It is better that management exert some effort to generating the virtuous, mutual advantage that comes from partner engagement. The firm is stronger as a result and partners benefit collectively and individually from their membership of a more cohesive, competitive and collegiate organization.

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