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The Problem of Partner Disengagement

Now, more than ever, law firms are struggling with partner engagement. While some might argue that partner engagement was lagging pre-pandemic, remote work, re-prioritization of personal and professional goals, and approximately two years of a surge in demand for services have exacerbated the problem. Many partners today are mentally opting out of remaining informed about and participating in firm strategy and partnership level management discussions. What are the challenges and risks associated with partner disengagement, and how should firms try to solve it?

The Opportunity Costs and Risks of Partner Disengagement

A partnership where only 50-70% of partners are ‘tuning in’ to leadership discussions on important strategic initiatives faces both opportunity costs and risks.

Internal connectivity and practice synergies. Without active engagement in the partnership or connectivity to their peers, a growing number of partners risk further siloing of their practices. Growing intra- and cross-practice teams requires cultivating internal relationships, partnership rapport, and the trust that leads partners to open up client access. Without partner attention to these internal relationships, partners learn less about one another’s practices and clients, and consequently, cross-selling suffers and further siloing takes hold. Individual partners and their respective firms miss out on opportunities to expand client relationships, practice capabilities, firm revenue, and overall market share – simply by virtue of partners behaving as internal islands.

Retention. The less interconnectedness within a partnership, the greater the retention challenge, particularly in a highly active lateral market. In the current high demand market, firms have ramped up lateral partner hiring activity and increased compensation premiums to incentivize top performing partners to make a move. When partners are disengaged from one another and from the overall partnership, they are much more willing to take recruiter calls and entertain competitor offers.

Lack of progress on strategic initiatives. Partner disengagement often disproportionately hurts small and mid-size firms, as these firms typically lack the level of business professional resources larger firms employ. Without senior business professionals to carry forward projects, small and mid-size firms lean into partner involvement to provide direction and even heavy lifting to move projects forward.

Even with a strong team of business professionals, aspects of strategy implementation require broad based partner time and support. Disengaged partners rarely demonstrate a willingness to invest the time and energy needed to implement key strategy initiatives.

Solving the Problem: How Can Firms Build Partnership Engagement

Partner engagement is a two-way street. Law firm leaders need to create the opportunities for partners to be appropriately engaged as owners in the business of the firm, and partners must actively participate as engaged business owners. Ways in which firms can cultivate engagement include:

Involving Partners in Strategy Development and Execution
All too often we find that partners are not only disengaged in the development of firm strategy but also fail to support the basic tenets of the strategy, imperiling successful execution. Developing an effective strategy requires active partner engagement. To accomplish this, partners need to feel that they have a meaningful role in the strategy development and implementation process – not simply a status update or rollout presentation, but active involvement at various stages of strategy development

and ultimately, leading on actions to implement.

At the outset, effective strategy development processes provide a forum for partner input (e.g., surveys, one-on-one discussions, practice group meetings, partner meetings). As strategy development progresses, management should communicate regularly about both the process as well as the substance of the effort – the analysis of the firm's competitive position, preliminary thinking on goals, strategies in support of goals, and ultimately, implementation actions.

Once a strategic plan is fully adopted, cultivating partner engagement in strategy implementation is often best accomplished through delegation – identifying a range of partners, including those outside of primary leadership roles, to take the lead on specific implementation actions. By tapping a broader group of partners to take responsibility for strategy implementation actions, firms cultivate an environment of engagement, and demonstrate to their partners that being an owner goes well beyond generating client work and billing hours.

Improving Partners' Financial Literacy

Although partners typically express a high degree of interest in firm profitability and particularly their own compensation, many partners lack sufficient knowledge of the firm's finances. As owners of the business, partners should have a clear understanding of firm financials – both the balance sheet aspects of the business, the assets and liabilities to which the firm is exposed, as well as firm performance, and profit and loss. Partners need to understand the financial implications of different staffing models, fee structures and alternative approaches in order to staff and price work appropriately and take responsibility for their role in the firm's financial health.

Most firms distribute a great deal of financial data to partners, often taking the form of monthly emails or presentations at monthly or quarterly partnership meetings. So why aren't the messages getting through? All too often both the delivery and the metrics are not meaningful to partners. Presentations which highlight key metrics and provide clearly articulated and layperson definitions for these metrics typically result in greater partner engagement. In addition, firms find that presentations which depict the firm's financial progress relative to market data and peers generate greater partner interest as compared to more operationally focused cash flow, collections status, or budget update presentations. Lastly, improving partner financial literacy requires creating an appropriate forum for partners to ask questions or provide ideas – which is often more successfully conducted at the practice group or office level rather than the full partnership or firm level.

Rebuilding Your Firm's Partnership Culture

Years ago, when partnerships were smaller and more geographically concentrated, law firms benefited from unifying and committed partnership cultures – real glue which held the partners together. As firms have grown and spread out across more locations, the fabric within many law firm partnerships has weakened. To create ties that bind partners to one another and generate greater commitment to the firm, building relationships between partners should be a top management priority. This is often best accomplished through a combination of in-person social and substantive interactions. Social interactions which mix partners and organize them into smaller group settings promote greater familiarity and broaden internal networks. Substantive discussions on topics of import and meaning to the partnership (e.g., core values, DEI, performance expectations) as well as client-focused discussions tend to generate greater appreciation for the intellect and talent of colleagues. When partners work together on client matters or collaborate on client development and expansion activities, they develop stronger ties to one another – in terms of both their practices and their relationships. These ties help further bind them to the firm and build their engagement in the partnership as a whole.

In an environment where partners only see a handful of their peers in-person on a regular basis, it is easy for firms to slip into transactional relationships with partners and to accept disengagement as the new norm. This disengagement presents both risks and opportunity costs to the firm. By taking action to cultivate partner engagement, the firm is stronger, and partners benefit collectively and individually from their membership in a more cohesive, externally competitive, and vibrant partnership.

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