

*"What a professional firm sells is not time, but skill, talent, knowledge, and ability. A strategy for increasing its inventory of these assets is critical if it is to flourish. Yet one has to look hard to find the measurement and reward system that focuses the attention of key professionals on asset-building (rather than income statement) activities. That is, most compensation schemes for partners stress income statement measures: revenues, workload, profits.*

*Few recognize or encourage investment in asset-building activities such as development of new methodologies, transfer of skills, etc.*

*Therefore, include balance sheet questions in partner goal-setting, evaluation, and reward."*

— David H. Maister

*"...a glimpse of the 'structures' that are requisite for survival in the 1990's: New evaluation schemes are critical. Peer evaluation will be as important as/ or more important than boss evaluation.*

*Subjective evaluation will be standard—focusing on your ability to be a team player, as well as your ability to get the job done..."*

— Tom Peters  
**Liberation  
Management**

## FIRM TALK: THE ART OF PARTNERSHIP IN PROFESSIONAL SERVICE FIRMS

What do you do when, one day, you're a half-dozen partners—a band of merry men—and then, seemingly overnight, you've surpassed some kind of optimal critical mass and become a not so intimate group of 100 partners and counting, in a fast growing, hard-charging, entrepreneurially-driven law firm?

Well, searching LEXIS-NEXIS for an answer probably won't do it, so what's Option B?

First of all, determine what your barriers to success are. A clear and precise understanding of these generally causes Option B virtually to suggest itself. The common and obvious barriers include:

- governance
- weighing individual contributions and determining compensation levels
- finding and keeping good help
- remaining one step ahead of your competitors
- striking a balance between independence and inter-dependence

Being a rather astute observer of itself, however, this archetypal firm had a number of concerns beyond the obvious that it was also eager to tackle:

- What's the **optimal profile** (in terms of a partner's critical skill set) of the successful shareholder, and how do we guide one another toward it?
- Assuming that we're all less than perfect at self-motivation, fine-tuning our own performance, and setting a long-term course, how do we help one another in these three critical areas?
- How do we hand down the **firm's core values** from generation to generation and prevent a dilution of these values which, historically, have been so fundamental to our success?
- How do we sustain the **esprit d' corps**, collegiality, and **sense of commitment** to one another and to the firm, now that we're so large?
- And, how do we counter the complacency that so often results from success?

## Option B: An Executive Summary

The Answer: **TALK**

- Not quite this simple, but almost. This firm concluded that an important and substantive first step would be to design a **Peer Review Program** that was strongly developmental in nature (as opposed to evaluational) and that maintained a top-line focus, not a bottom-line one. The top-line focus was embodied in a peer review process that was designed around the firm's core values and philosophies and around a set of critical skills, which was developed by the consulting team in collaboration with a group of the firm's partners.
- The combination of these core values and the critical skills profile forms the foundation of the review process. Building on that foundation, a how-to guide — **Coaching Winners: A Manual For Productive Peer Review**— was also designed. The manual guides the reviewing team and the reviewee through all the stages of the peer review process and offers practical advice for how to negotiate the process with finesse and mutual understanding.

### Value-Added Benefits

- Other than the obvious benefits of building a more robust partnership— a benefit that is difficult to secure in any other way— there are a number of other gains that also accrue to any professional service firm, as an indirect result of a Peer Review Program. For example:
- The partners become more effective mentors for the associates.
- Partners are able to demonstrate greater precision in reviewing the performance and progress of the associates.
- They also demonstrate greater precision regarding partner selection.
- The firm is more effective in its acculturation of associates.

The enhanced communications and interpersonal finesse that result deliver two vital benefits both for support staff and professionals alike: greater retention and an improved quality of work life.

*"Nothing is more important to a law firm than time spent on partner issues. A partner who can spot problems early and head off conflict shows real leadership skill. An evaluation of virtually every failed law firm reveals a clear lack of leadership and a lack of understanding of the human dynamics that must be addressed in a firm."*

-B. Hildebrandt  
"The American  
Lawyer" 8/93

## **Feedback Is The Breakfast of Champions**

Professional service firms have been slow to utilize a number of powerful corporate management tools. However, as in the case above, a firm can avail itself of a fundamental management tool that will have a powerful impact on the firm's competitiveness in years to come. Implementing a Peer Review Program is a proactive and opportunistic strategy that's befitting a firm that has prided itself in being an entrepreneurial enterprise. It is, to be sure, a bold and innovative move, especially for a professional service firm. Yet, it is a fitting contribution to a partnership that has succeeded based on the credo: "Selflessness serves us all at the end of the day."