

PETER SCOTT CONSULTING

Briefing Note December 2018

Are any of your Partners feeling *undervalued*?

The notion of *relative worth* whereby a Partner considers he or she is *worth* more than fellow Partners because of the perceived greater contribution he or she makes can be a powerful driver to feeling *under-valued* and a strong incentive to considering offers of better and more fairly rewarded partnership elsewhere.

In today's intense competition for law firm talent, firms need to rethink their reward strategies to ensure they can retain and attract the best talent by paying them what they are *worth*. A quote by David Maister illustrates the point very well:

'Those who contribute the most to the overall success of the office are the most highly rewarded. Notice that this does not suggest what the pay scheme should be. The determining factor is just whether the people think it rewards the right people'

A well-designed contribution-related reward system will have a strong emphasis on merit across a broad range of criteria to determine the relative contribution of each Partner with respect to other Partners and to reward *exceptional* contribution.

Compare that with

- a traditional lockstep model which is unlikely to measure relative worth between Partners or be seen to fairly match reward to contribution and as a result can be inflexible and not capable of responding to the strategic needs of a firm; or
- 'eat what you kill' reward or reward based solely on personal billings which serve only to detract from a sharing culture which should be the basis of a law firm partnership.

It is worth finding out from Partners their thinking around these matters and a confidential questionnaire can often reveal Partner issues which, if allowed to fester and to go unresolved can prove disastrous for a law firm.

Often these issues will relate to areas of vital contribution individual Partners are making to a firm but which they feel are not being *valued* because they are not being rewarded. Typical of areas of contribution which many firms **say** they value but which they do not reward, will include:

- Internal sharing and co-selling
- Developing and maintaining profitable client relationships
- Managing people and projects
- Developing new skills and capabilities within a firm
- Enhancing profitability and cash flow (not just personal billings)

Such areas of vital contribution (and a Partner's relative worth) can be accurately and objectively measured by using some form of 360 degree or all-round feedback whereby colleagues provide their *confidential feedback* on each other across a range of broad criteria. As the quote above from David Maister emphasises, ***the determining factor is just whether the people think it rewards the right people.***

If you are unsure whether any of your Partners feel they are undervalued because they consider their reward is not being fairly matched to their contribution, then perhaps it is now the time to find out before it is too late and, if necessary to rethink your reward strategy.