Partner Accountability Guide

Enhancing Partner Performance and Accountability

Original content provided by ConvergenceCoaching, LLC.

ENHANCING PARTNER PERFORMANCE AND ACCOUNTABILITY

When your firm has an accountable culture, truly valuing "count-on-ability," your team members are able to trust each other's words, commitments, and actions. Genuine accountability enables you to rely on your team members to follow through on commitments and do what's necessary to ensure team success.

Firms are abuzz today with the discussion of partner accountability and the Partner Accountability section of the Human Capital Center explores the importance of driving accountability to improve your firm performance by making your top tier of leaders more accountable to themselves, each other, and to your team members. In this Guide, we will share a Leadership Accountability Model where we explore each element necessary to develop a culture of performance and accountability and outline ideas within each element to help you identify areas where you can improve the performance of your partner team.

Throughout this Guide, we will cover the following partner accountability concepts:

- Driving an Accountability Culture
    - o The Benefits of Developing an Accountable Culture
    - o Introducing the Leadership Accountability Model
    - o Developing A Foundation of Trust In Your Leadership Team
    - o The Benefits of Building Trust
- The Five Elements of the Leadership Accountability Model
    1. Establishing Unity Around Your Firm Strategy
    2. Defining Performance Expectations and Establishing Partner Roles and Goals
    3. Monitoring Performance, Including Return and Report Methods
    4. Evaluating and Discussing Partner Performance
    5. Rewarding Partner Performance
- Next Steps and Action Plan
- Resources

Developing partner accountability will be even easier when your firm embraces other best practices outlined throughout the Human Capital Center, including developing your firm strategy as outlined in the Strategy and Planning section, establishing the roles of your team members as outlined in the Organizational Structure and Governance section and Team Development sections, managing performance and providing feedback as outlined in the Performance Management section and developing appropriate reward systems as outlined in the Reward & Compensation & Incentives section. In this Guide, we will help you to enhance partner accountability and performance within your firm to drive growth and achieve your vision.

## THE BENEFITS OF DEVELOPING AN ACCOUNTABLE CULTURE

We must start this discussion by acknowledging that the word "accountability" has a number of negative connotations. First, it is a double-edge sword. **Most of us want others to be accountable to us** – for their commitments, their performance and their mistakes. When they are, we develop trust and gain confidence that we can count on the performer again in the future.

However, **we are just as likely to chafe at the idea of being accountable to others** – because it feels like someone may be "bossing," micromanaging or over-managing us. Unfortunately, the concept of driving accountable performance is usually brought up because there is a problem to solve – a lack of performance, unmet expectations, dropped balls, or a concern that someone is not pulling their weight. In this case, we're trying to wedge accountability in to fix something that's broken, rather than proactively applying accountability ideals to drive high performance and results – before disappointment occurs. When implemented optimally, accountability is not used as a "hammer" or to highlight flaws, but rather to increase performance and the benefits can be many including:

- **Managing expectations** – when a person commits to undertake specific actions or deliver results by a specific due date, we can manage expectations – our own, our clients, other team members -- around the commitment. If that person is unable to meet their original commitment and they reset our expectation with a new commitment, our expectations are managed and disappointment is often avoided.

- **Raising trust and confidence** – when our fellow team members are accountable for their actions and performance, it enables us to trust that they will do their part, take responsibility for the outcome of their actions and deliver results, which builds confidence in the overall relationship. We call this "count-on-ability."

- **Driving performance** – accountable team members deliver results because they're clear about who is supposed to do what, by when and they know that they will be expected to ultimately return and report their status to their fellow team members. Most of us want our status report to be one that demonstrates our competence, so we work hard to keep our commitments, which drives completion of tasks and ultimately drives performance.

INTRODUCING THE LEADERSHIP ACCOUNTABILITY MODEL™

The Leadership Accountability Model™ demonstrates the elements necessary to foster genuine accountability and high performance in your firm.
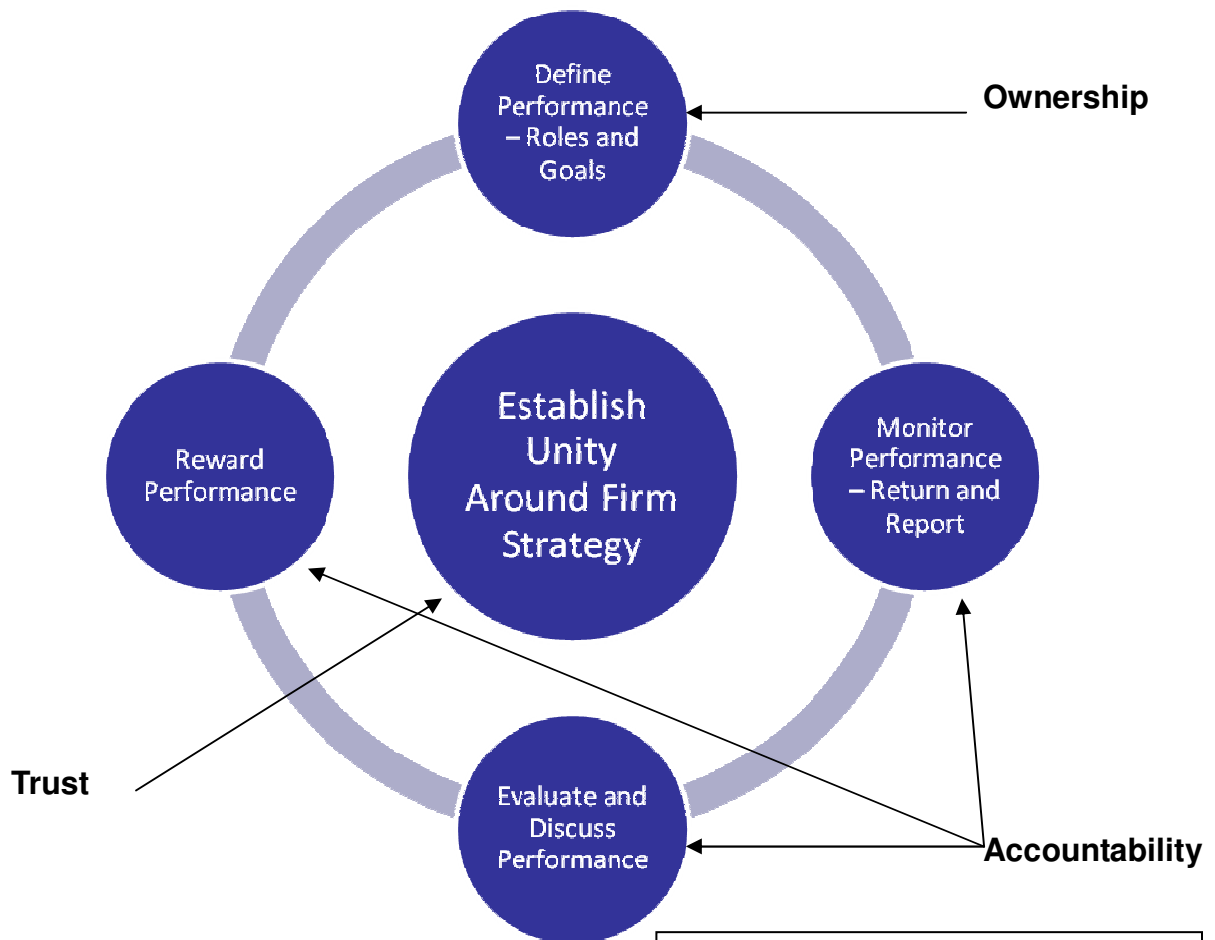
The Leadership Development Model is a trademark of and copyrighted by ConvergenceCoaching, LLC.

The model represents a continuous process of effort to build and maintain trust, set and re-set expectations, evaluate performance, and engage in straight talk about accomplishments and a lack of results.   This Guide will explore how to develop each of these five elements in more detail, which will result in increased partner (and team) performance and accountability, including:

1. Establishing Unity Around Your Firm Strategy
2. Defining Performance Expectations and Establishing Partner Roles and Goals
3. Monitoring Performance, Including Return and Report Methods
4. Evaluating and Discussing Partner Performance
5. Rewarding Partner Performance

Let's explore first how to foster trust as a foundation for an accountable and high-performing partner team.

DEVELOPING A FOUNDATION OF TRUST IN YOUR LEADERSHIP TEAM

"Trust enables you to put your deepest feelings and fears in the palm of your partner's hand, knowing they will be handled with care." ~Carl S. Avery

When trust is high between partners, staff, clients, referral source partners, and other stakeholders, anything is possible. Without it, nothing is. And yet, from a March 2011 Maritz Research poll on trust:

	TRUST IN THE WORKPLACE

- 7% of respondents strongly agree that their senior management's actions are completely consistent with their words 12% of employees believe their employer genuinely listens to and cares about
- its employees 14% of employees believe their company's leader is completely honest and ethical
- 10% of employees trust management to make the right decisions in times of uncertainty
- 25% of employees report having less trust in management than they did last year

Source: Maritz Research

Without trust, team morale and retention decline. That is why learning to cultivate, maintain, and rebuild trust are some of the most important leadership skills we can develop, yet it's often difficult to achieve. It is worth the investment – of partner time and resources – to ensure that you have a foundation of trust in your partner relationships and with your team because it will pay dividends in the short term and long-term sustainability of your firm.

THE BENEFITS OF TRUST

Stephen M.R. Covey suggests in his book, <u>The Speed of Trust: The One Thing That Changes Everything</u>, that high-trust organizations outperform low-trust organizations by as much as 300%. When your people trust in you, your leadership and management team, and the vision of the organization, financial results will follow.

In fact, high-trust organizations tend to outperform their counterparts in a number of areas that all lead to increased profitability. These include:

- **Employee retention.** Employees who trust their leaders want to stay with them. The Maritz study indicates that 63% of respondents with strong trust in management would be happy to spend their career with their present company (compared to 7% in low-trust companies). When we retain our people, we reduce the cost of continual recruiting and training (employee replacement cost can be as high as 2 times salary).

- **Succession**. Retention is critical to your ability to develop talented people willing to invest in your organization as partners or shareholders. The Maritz poll indicates that 51% of high-trust employees would invest in their employer, versus 6% of those in low-trust environments.
- **Innovation.** When you trust those you're working with, you're willing to brainstorm freely, make suggestions for improvement, and develop new ideas and solutions without the fear of retribution or the disappointment that no one will follow through. High-trust organizations are able to out-innovate their competitors.
- **Collaboration.** Without trust, silos form, internal competition increases, and new bureaucracies and redundancies proliferate. In a high-trust environment, partnering inside your organization to improve firm performance or cross-serve a client will be the norm instead.
- **Client loyalty and retention**. Organizations that develop loyal, experienced, and creative team members who envision themselves as part of the organization's future leaders are sure to do a better job of developing deep and lasting client relationships.

The costs of a low-trust environment are many and they act as a drag on your organization. They include the lost loyalty of your team members and clients, the lack of spark and creativity of your people, and the formation of fiefdoms instead of a unified team. The most painful and hard-to-measure costs stem from the political implications – the cost of the lost time spent on water-cooler complaining, back-room politicking, and triangulating by people at all levels sharing stories of "who did what to whom" or "who didn't do what they were supposed to do" or whatever the latest disappointment or missed expectation might be.   In his book, Covey estimates the cost of wasted time, talent, and energy at $100 billion a year and cites a Gallup study that puts the cost of employee disengagement at $250-300 billion – a figure thought to be conservative!

There are many forms of trust, including the trust of self, trust in others, and the trust in an organization or entity. You have to convey trust to others in order to earn it. In other words, you have to trust your people, partners, clients, and others for them to trust you. After that, you must also practice a number of other trusting behaviors to consciously earn, nurture, and rebuild it. There are a few leadership behaviors that "make or break" the trust in all of your relationships. When you and those you are associated with demonstrate them consistently, you will build trust. When you don't, trust is eroded.   You can assess yourself against twenty leadership attributes, many of which when you demonstrate them elicit trust:

- Accountability
- Commitment
- Compassion
- Confidence
- Courage
- Decisiveness
- Fairness
- Flexibility
- Follow through
- Honesty
- Integrity
- Intuition
- Listening
- Ownership
- Passion
- Positivity
- Responsibility
- Trust
- Vision
- Vulnerability

To see how you're doing in building trust, consider taking the **Leadership Attributes Assessment** (see tools section) and rate how well you exhibit these leadership attributes. Ask your partners to assess you, too, so you can incorporate others' feedback and encourage your partners to do the same. In addition, consider having your partner team complete the **Trust Assessment** (see tools section) that asks a series of questions about trust in your partner group, firm, and processes, procedures and programs. Then you can assimilate the responses and facilitate a conversation in your partner retreat to explore what more you can do to enhance trust in your relationships and in the firm.

Don't attempt to implement or improve your partner accountability process in a low trust environment. Without trust you can't have accountability and without accountability, you can't have trust, so start by building or restoring trust among the partners where necessary in your firm.

THE FIVE ELEMENTS OF THE LEADERSHIP ACCOUNTABILITY MODEL

1. ESTABLISHING UNITY AROUND YOUR FIRM STRATEGY

The foundation, and first step, of partner performance and accountability is leadership's unity around your firm's strategy. Unity means coming together as one and working towards a common vision. Some partner groups pretend that they're unified, nodding their head in agreement (or staying silent) in partner meetings or retreats and then once they leave the room, they do their own thing or go back to their old behaviors instead of adopting – and practicing – the new agreed upon leader behaviors.

While unity means coming together as one, unity does not mean that you will always have 100% buy-in or that everyone agrees all the time. Conflict is inevitable when you bring two or more people together with different opinions, backgrounds, experience, personalities, and skill sets. But, conflict can be good and spark creativity, thinking outside the box to generate solutions, and deepen relationship with open, honest communication. Unity also doesn't always mean that all partners are "friends" and will hang out together on the weekends or invite each other to family events. It does mean that you treat each other with respect and trust and build each other up, rather than tear each other down, even when you don't necessarily agree. And, unity doesn't mean that all partners will stay together forever. Because of your self-interest, you may grow to want different things for yourself, your career and your life, which doesn't align with the vision for the firm.

The lack of unification in partner groups usually stems from a few common reasons, including:

- Your firm's vision for the future is unclear, so decisions aren't supported because people can't map those decisions (personal and for the business) against a plan for where you're heading
- Partners don't want to change behavior and submitting to a new agreed upon plan usually requires a change in behavior
- There are no consequences for when a lack of compliance or lack of unity arises

- We all want different things and our self interest is at play, which we typically don't share with others – especially in our work environments

It is imperative to drive unity that you define where you're headed and establish the firm's vision with its multi-faceted elements and communicate (relentlessly) the firm's purpose and vision for the future.

Consider these elements as you create or refine your firm's vision to add specificity that will help to unify your partner team and clearly establish expectations for where you, and your leadership team, are driving the firm:

- You firm's **mission** (or reason for being) and core **values**

- Your leadership **vision** for three to five years in the future– answering the following questions:
  - What do you want to be **known for as a firm**?
  - What **size** do you want to grow to in terms of revenues, staff size, number of offices, geographic reach, etc.?
    - You should also determine how fast you want to grow, defining whether you want steady growth or rapid growth, and whether you envision that growth as all organic (generated through your own marketing and business development efforts) or inorganic (derived from the merging in or combination of practices acquired from the outside)
  - What **services or products** will you offer? What niches will you serve?
    - Are there any services or niches you should discontinue or "back-burner," continuing to service current clients for the time being but not actively invest in them?
    - Are there new service or niche initiatives that will be important to begin delivering or serving? If so, are those built organically or acquired from the outside?
    - Are there existing services or niches that should grow materially or change in any significant fashion?
  - **Who will you serve?** What will your **ideal target client** profile be by product, service or niche?
    - Identify typical demographics such as revenue size, geography, and industries for your ideal clients by service line or industry niche
    - Engage in a discussion about segmenting your clients, prospects and referral sources by service line, industry niche or both to direct and guide your plans for your market presence, required headcount and skill sets and client acceptance policies

To define your vision and answer these questions, solicit your partners' input via a survey and then meet to acknowledge where you're on the same page and then explore the differences, driving towards decisions as much as possible. While these discussions may not always be easy, and some partners will have self-interest and even an attachment to their service line, niche or type of client they serve, the only way to move forward as a unified team is to address these differences and then make the (sometimes difficult) decisions about where you're headed – and where you're not.   Use the **Guide to Strategic Planning** that is available under the Strategy and Planning section of the Human Capital Center to walk you through additional steps to develop your firm's vision and strategy.

While you won't usually have "perfect" unity, you should work towards the majority of your partners agreeing to the decisions and the direction of your firm. Only when you engage in these discussions and encourage healthy debate can you uncover a lack of buy-in or concerns for the future. When you do uncover these disconnects, you will need to address them. Sometimes a "tough love" conversation with those that cannot buy-in to the strategy that the majority of your partner team has agreed to is required.

Your strategy should be documented and shared with your partner group first and then with your entire team. To have the right team players executing and performing the right activities, your entire team needs to be clear as to where you are all headed. Then, you can then identify the next year's most important initiatives (no more than three to five) that you will undertake to support your firm's movement toward the agreed upon vision, including the "difficult moves" that will contribute to your success. Review your strategy at the beginning of each team or partner meeting, including reporting on the progress against it, and use it to make decisions and adjust your plans as necessary.

Developing your vision and implementing your strategy is a change management initiative that requires careful planning and communication while understanding that each of your team members adopts change differently and at different speeds.

2. DEFINING PERFORMANCE EXPECTATIONS AND ESTABLISHING PARTNER ROLES AND GOALS

Establishing Ownership To Fulfill Your Firm Strategy

You will achieve greater success and improve partner performance and accountability when you define "ownership" for driving firm initiatives and functions forward to accomplish your agreed upon vision. Once you've defined ownership for the major initiatives and functions of your firm, you will then be able to identify – and document – each partner's contribution to your strategy with written partner role descriptions and goals.

Let's first explore the concept of "ownership." In this context, ownership does not mean shares or equity in the firm. Ownership means clearly defining ownership for each of the key areas of your firm, including identifying **one** owner (no sharing!) for each of your firm's:

- Business Functions
- Service Lines
- Offices
- Clients
- Engagements
- Employees

9

Sometimes we avoid defining who owns what because we don't want to "award" ownership to any one person due to politics between two parties who both want the "power" or "glory," two parties wanting to co-own something because they don't want to take on all of the risk or burden, or fear on behalf of any potential owners that they will have to do all of the work themselves (and no one wants more work!). When a partner owns something, they are responsible for developing a vision and a plan to achieve that vision for the things they own. The owner is a facilitator and strategist for their "things" and uses a team approach to develop and implement their plans. In addition, owners act as the point person for all communications related to the things that they own, and they are responsible for enrolling others to assist with the work.

Contrast this with a "helping" culture where no one really owns their work. When your partners are "helping" to achieve your firm strategy, they determine the degree to which they will commit their time and the initiatives they will choose to support. Because they are helping, you are supposed to be grateful for whatever they do, even if it doesn't feel like it was "enough" or what was expected. In addition, when partners "help," there is no clear responsibility for the ultimate result or outcome. When we have a "helping" culture, we have no accountability. Having help, in other words, is not help at all! To assess how well you demonstrate ownership of the things assigned to you, complete the **Ownership Assessment**. Ask your partners to do the same, and then engage in a discussion during one of your partner meetings to identify how you can improve and act more as an owner and how you can encourage your team to be "owners," too.

To drive true ownership instead, start by assigning ownership for your firm-wide functions using the **Roles Graphic** template available in the Team Development section of the Human Capital Center. Then, create roles grids for each of the teams within your firm, including your departments, offices and service lines and assign single owners to each of the functions within those teams. The roles grid template provides a sample of the functions and service lines that may exist in your firm. These are only templates and should be modified to mirror your firm's overall organization and team structures.

For instance, if you name Matt, a partner in your firm, as the owner of marketing for your firm and Matt works with the marketing resources you have available (which may include staff and administrative support people), your marketing roles grid may look something like the following sample with names of owners for each of these specialized areas within the marketing function:

Sample Marketing Roles Grid			
Marketing Strategy **Matt**	Budget **Matt**	Story or Positioning **Kim**	Web Site **Ken**
Marketing Calendar **Amy**	Web Seminars **Amy**	Newsletters **Amy**	Client Communications **Amy**
Networking **John**	Lead Generation Activities **Amy**	Advertising **Amy**	Promotional Materials **Amy**

Social Media - LinkedIn **Ken**	Social Media – Facebook **Lauren**	Social Media - Twitter **Amy**	Social Media – Blog **Judd**
Vendor Management **Amy**	Public Relations **Matt**	Competitive Analysis **Amy**	Marketing Coordination **Amy**

The owners of each area would be responsible for driving their area forward and it is critical that you clearly define what ownership and progress means for each area. Ideally, you'll do this by documenting the specific activities or duties and responsibilities and the expected outcomes for the assigned area in each owner's written role description. Often, firms aren't rigorous about ensuring that each partner has a written role description that includes both their primary partner responsibilities and the strategic aspects of firm responsibility they own, such as defining and implementing the firm's marketing strategy or establishing an annual plan including budget and capacity requirements for the owners of service lines or niche practice areas.

Role descriptions should be "one-size-fits-one" and should answer these questions:
- What are the duties and responsibilities of the partner?
- What clients, people, and/or initiatives do they own?
- How do we measure their success?
- What skills, education, abilities, core competencies, and behaviors and desires are required for the assigned role?
  - Don't focus only on technical abilities – especially if the role is responsible for leading, developing and managing others

Your partner role descriptions should also include minimum partner expectations and responsibilities. To create your partner role description, use the **Role Description** templates in the Organizational Structure and Governance section of the Human Capital Center, using as much "ownership" language as possible.

If your firm does not have a current, accurate role description for your Managing Partner or CEO role, this should be the first role documented. Often, this crucial role is loosely defined and, in the absence of clear definition, each partner makes up their own expectations, which when combined, are more duties and outcomes than any human can accomplish. This is especially true when the Managing Partner carries client responsibilities. It is important to size this role correctly and to gain partner buy in to the written expectations so that the Managing Partner can lead the firm in this important area of expectation management and accountability.

Defining Your Firm's Governance Model

Defining ownership also includes identifying the decision-making authority for the things each partner owns. For example, if your partner Matt owns marketing for the firm, he would be expected to set the strategy with your marketing manager (if you have one) and with each service line or niche practice leader. As a firm, you would need to determine if Matt is empowered to make the decision for the final approval for the marketing plan and budget or if he needs to submit his plan and budget to the partner team, or your firm's Executive Committee (if you have one) for a vote, where majority approval may be required.

The more roles-based decision making authority you can convey, the less "churn" and fewer bottlenecks you'll have in your firm and you'll experience more efficiency and productivity, too. Typically, partnerships are run by committee or leadership that requires consensus and, unless everyone agrees, which isn't very often, gridlock is the norm and progress is slow. When partners (or a partner) don't support change, they might simply dig in and halt forward movement through their resistance. As your firm grows, this form of decision making will slow or stall growth and it will impede partner and up-and-comer morale.

When you assign a partner the role of Managing Partner or CEO, specific expectations should be set and they should be empowered with certain decision-making authority. When your Managing Partner or CEO is working towards agreed upon goals with accountability structures to report on them, you will yield more results. The same is true when you empower individuals to make role-based decisions, such as service line leaders, your Management or Executive Committee, Firm Administrator and other key leadership roles. By clearly identifying the governance "latitude" of these important roles, you empower these positions to do their jobs and make a difference for the firm.

At the same time, you want to identify which decisions your firm must make that should be made by allowing each person at the partnership table a vote ("one-person, one vote decisions"). The decisions you place in this category will be unique to your firm culture, but they should be limited to larger, more strategic discussions, such as setting the direction and strategy for the firm, approving the annual budget, determining the firm's service offerings, and major expenditures. As appropriate, also define share-based decisions, or those decisions made based upon the capital shares owned by each partner (if there is a disparity in your firm in the percentage of shares owned by partner). These share-based decisions may include change-of-control decisions such as electing the Managing Partner and service line leaders, electing members to your Management Committee or Executive Committee (although we recommend you consider these as one-person, one-vote to ensure that all parties feel fairly represented), and the approval to move forward with a merger, acquisition, or the sale of the firm. Share-based decisions may also include the addition or expulsion of a partner, or undertaking considerable capital commitments (building a new building, signing a large lease, etc.).

Start your governance definition by reading your partnership or operating agreement to understand what it currently says related to any decision-making authority of the key leaders or committees in your firm. You may find that it addresses governance only on a limited basis – or perhaps not at all. Document what your agreement states in an Excel spreadsheet with the columns being the roles and the rows being the decision-making authority conveyed to each party and then suggest changes or additions as appropriate to create a governance model for your firm structure going forward. A sample **Governance Grid** may look like this:

	Sample Governance Grid		
Super Majority – 67% (Typically share-based)	**Majority (51%)** (Typically share-based)	**Executive Committee** (3-4 person sub-committee of partners that manage the firm)	**Managing Partner**
Name change of firm	Relocation of firm	Approves annual firm budget and strategic plan	Working line of approved capital or credit
Borrowing money in the Partnership's name	Election of EC members, changes to the powers of the EC, or abolish the EC	Approves department budgets and staffing plan	Purchases for operations and facilities of up to $XXK
Establishing line of credit	Election of a new Managing Partner	Approves expenditures within approved annual budget	Establishes bank accounts
Addition of a partner	Disposing of the business' good will	Executes on partner compensation plan	Obtains E&O insurance
Expulsion of a partner	Approval of partner's involvement in any other occupation or business	Additional compensation for partners involved in administrative matters	
Partner compensation plan	Continuation of firm after Partner's death, retirement or withdrawal	Allowing partner to work after mandatory retirement	
Other amendments to your partner agreement		Approves new hires and firing of staff	
		Expense reimbursement approval or disputes	

If your firm has non-equity or income partners, be sure that your governance model considers where they have authority and a vote and when they do not. And, if your group determines that your governance model needs refinement, or a complete overhaul, remember that this will need to be reflected in an addendum to your current partnership agreement or may require a new agreement altogether. Seek the counsel of your firm's attorneys when evaluating the documentation required to change governance in your firm.

Developing a "partner commitment statement" will help define the behavioral expectations of the partners and supports the performance and skills expectations outlined in the role descriptions and the results expectations defined by each partners' goals (outlined in more depth in the section below).   Your partner commitments are more about behavior or leadership attributes than skills, responsibility or experience – they are what you can count on from each other behaviourally. Your partner commitment statements will clarify what's expected of each partner and build trust and loyalty in your team because you will know what you can count on from each other. Then, use your partner commitment statement to make decisions on your strategy, drive your interactions and behaviors, and performance manage against it. Every partner should input to and

shape the commitment statement and once it is agreed upon, each partner should sign it and you should share it with your entire team.

One of the "partner commitment" expectations should be submitting to the strategy and decisions made by those empowered to make them, in addition to firm policies, procedures and other expectations your partner group defines. **A key attribute of an effective leader is the ability to submit to follow the decisions made by their duly elected or appointed leaders.** When your team submits to your agreed upon governance and leadership structure, this allows:

- The Managing Partner, Service Line Leaders, Executive Committee and other roles to be empowered
- Decisions to be made more efficiently and effectively
- Increased productivity
- Less of a feeling of struggle for all involved

The expectation to submit to the strategy and decisions by those empowered to make them, in addition to firm policies, procedures and other expectations should be agreed to for all partners (and future partners). When submission doesn't occur, straight talk is required, which we'll explore in more detail in a later section of this guide.

Establishing Partner Goals For The Areas They Own

Once you've defined ownership for the various functions, service lines and initiatives in your firm and individual role descriptions for each partner, the next step is for each partner to develop 3-5 goals for the things they own. To be able to measure the success or contribution of each partner towards your firm strategy, each partner should establish goals specific to their role and areas of ownership. Because partner goals need to contribute to the

	GOAL SETTING
"A goal properly set is halfway reached."	
Abraham Lincoln	

overall firm strategy and should also include growth and personal development opportunities, you will need to be clear about the priorities for the firm for the upcoming year and for each individual partner. Otherwise, you could run the risk of establishing too many goals (or none at all!) and not accomplishing as much as you could if you set a few strategic and growth-oriented goals.

Sometimes goals are set to measure only financial performance, because it is naturally more comfortable for CPAs and sometimes a struggle to make other important initiatives measurable, such as people development, marketing, and client management. Partner goals should include more than just financial goals and include two types of goals:

1) Those that improve a behavior or skill, for example, improving trust building behaviors such as straight talk, less gossip, or better communication or improving business and /or people development

2) Those that produce a deliverable or tangible end result, for example, goals around things you own including specific initiative goals, assigned roles, etc. ("current production") or goals around succession, developing future leaders, transitioning of clients, developing new business or new practices ("building future capacity for the firm").

14

When setting goals, be sure to make them:

- **Specific** – your goals should be specific rather than general and answer the "W" questions (who, what, why, when, and where)

- **Measurable** – establish specific criteria for measuring progress whether financial, based on activities, etc.

- **Realistic and Relevant** – a goal must be something the organization is committed to and that you are *willing* and *able* to work toward

- **Written and Shared** – your commitment to performance increases when goals are written and you share them with others

You can use the Goal Setting Handout for Counselees in the performance management section to guide you in setting specific and measurable goals and then capture them in the **Goal Setting Worksheet** (see tools section). Consider setting partner goals in a variety of areas as outlined below in the Sample Partner Goals diagram that demonstrates how you can make different areas specific and measurable – and always with a by-when date!

Sample Partner Goals

Financial Performance Goals

- Achieve $X in personal revenue production by XX/XX/XX
- Grow my personal revenue production by X% year over year
- Increase my revenue per client to $XXK per client by XX/XX/XX
- Increase my engagement realization to XX% by XX/XX/XX
- Increase my realized hourly rate from $XXX to $XXX by XX/XX/XX
- Improve my on-time billing performance to eliminate reminders from finance as evidenced our billing manager acknowledging this improvement by XX/XX/XX
- Increase the profit contribution from the service line that I manage to XX% by XX/XX/XX

Marketing and Business Development Goals

- Bring in X new audit clients from contacts generated by me worth $XX,XXX by XX/XX/XX
- Refer $XXK in new business for our OTHER SERVICE LINE by XX/XX/XX
- Conduct an average of 4 referral source or prospect meetings per month, or 48 meetings in total by XX/XX/XX; track these meetings and their outcomes/next steps in our CRM or in Excel
- Increase revenue per client for my top 10 clients by XX% by XX/XX/XX

Client Management Goals

- Hold strategic client account planning meetings for my top 15 clients, completing three specific actions or outcomes determined for each client by XX/XX/XX
- Introduce two other manager or partner contacts to my top five client contacts by XX/XX/XX
- Make two additional C-level, board member or key service provider contacts for each of my top five clients by XX/XX/XX
- Transition XXX (e.g. 10, 20, etc…) smaller corporate or personal tax clients to PERSON'S NAME or OUT OF OUR PRACTICE by XX/XX/XX
- Develop the client portion of my succession plan by identifying who I will transition each client to and by when and reviewing that plan with my department head by XX/XX/XX

People Development Goals

- Develop procedures and best practices associated with estate and gift tax service line that are approved by the Tax Department Head and rolled out in a web-based training to all Tax staff by XX/XX/XX
- Mentor PERSON'S NAME to prepare her to move to the role of Manager including taking her to 2 referral source meetings, 2 sales meetings and 2 performance conversations with staff by XX/XX/XX
- Recruit a senior audit manager into our group by XX/XX/XX
- Transition the CLIENT NAME audit relationship and engagement management to PERSON'S NAME by XX/XX/XX

Leadership Goals

- Develop a written plan to develop our penetration in the X market and gain approval from PERSON by XX/XX/XX
- Stop participating in triangulation and complaining about others and bring my concerns instead to PARTNER NAME. This will be measured based upon input from PARTNER NAME when surveyed by XX/XX/XX
- Improve my listening skills with my team members as measured by an upstream listening assessment to be conducted by XX/XX/XX and then a check in survey conducted on YY/YY/YY
- Become better at accepting feedback on my performance. This will be measured based on input from my MENTOR and the improvement in my overall rating score for YEAR over PRIOR YEAR

3. MONITORING PERFORMANCE, INCLUDING RETURN AND REPORT METHODS

Your partner goal-setting process should be completed annually and partners should be expected to provide a status of their goals at least quarterly (same as the process with your staff, as laid out in the Performance Management section of the Human Capital Center).   You'll drive performance by establishing return and report methods and being accountable by regularly checking in to provide your status. When partners are asked to report on their status regularly, they are more likely to show up with progress having been made. Partners should share their status against their goals with their direct reporting partner, or the managing partner for smaller firms, in one-on-one check-in meetings, which should occur quarterly. The Managing Partner and all partners should report on their goals   in departmental, office, or firm-wide partner meetings, too.   In these meetings, take the opportunity to share roadblocks and breakthroughs and communicate both appreciation and disappointment. Be careful not to step over "ball dropping" or allow "fuzzy" language when making follow up commitments, such as, "I'll try" or "My intention is to…" When you take the time to review partner goals, everyone will be on the same page and not left wondering how it's going. You'll find your partner team will get more done, too!

> **PARTNER PERFORMANCE**
>
> **"When partners are asked to report on their status regularly, they are more likely to show up with progress having been made."**

You can establish other return and report methods in-between the more formal check-ins to help ensure partners are on track and communicate any roadblocks, reset expectations, or provide updates to interdependent parties. Email is a great tool for simple status updates, but you have to have an agreement among the partner team that you will read and respond to email updates, preferably within a 24-48 hour period acknowledging that you read the update and agree to any actions or assignments that may have been given.

If you determine that changes to expectations need to be made, especially if goals are adjusted or revised, be sure that these changes are documented in writing. Your intention with this process of defining ownership and goal setting is to continually guard against any "uh huh, nuh huh" factor that could creep into your partner performance discussion. You want to ensure that partner performance expectations are crystal clear, which will pave the way for healthy partner feedback and performance discussions to occur.

4. EVALUATING AND DISCUSSING PARTNER PERFORMANCE

Another key element to drive partner performance is evaluating and discussing overall performance. Effective leaders – and high-functioning teams - engage in honest discussion and straight talk about performance. Doing so enhances individual and/or team performance, especially when we have a commitment to help each other get better and be better leaders, mentors, partners, and colleagues. Working in an environment where open communication and dialogue are the norm deepens working relationships because you will trust and appreciate each other more. In addition, this kind of environment supports a culture of creativity where people are free to generate solutions and workarounds, be innovative and work to resolve or remove roadblocks, poor performers or bad behavior.

Even with all of these positive benefits, you may avoid engaging in straight talk – or receiving it – because you're afraid it will hurt someone's feelings, you're not comfortable raising performance issues, you would prefer to avoid the conversation or situation, or you're not sure that it will really make a difference. Instead of addressing the matter directly with the partner with whom you have a concern, you may instead "triangulate" and talk to others about the situation or disappointment. This eventually "gets around" to the other party, eroding respect and trust and it can erode trust and respect of those with whom you "confide" or "vent," too. Instead of professionally resolving the matter, you make it worse, or at best, allow it to persist.

But you don't have to be afraid of talking straight! Straight talk is not "brutal honesty" or giving someone the "what for" by reprimanding them or using a punishing tone or language. There is nothing hurtful about it. Instead, straight talk is about caring enough about your partner and your relationship with them to overcome your fear and express your insights so you can both improve. Then, you can both come to an agreement on how to move forward constructively.

When you have an unmet expectation, disappointment or upset to communicate, you have to first give up making the other person wrong and look to see where you are responsible for the disappointment. It's helpful to realize that you have a perspective about your partner and **this perspective is <u>your</u> truth not THE TRUTH**. Your truth is often clouded by your self-interest or frustration that you are somehow dealing with an imposition, such as:

- Carrying more weight than you should
- Not getting all the credit you think you should get
- Not having things go the way you expected

It's important to note that the other party has their own self-interest and their own view of things, too, which can make them oblivious to your concerns. That is why straight talk requires trust and honesty – including self-honesty – that goes beyond telling the truth and not withholding information. You have to be willing to say how it really is for you and what you want to get out of your relationships and situations. Usually, when we get honest, most of us want more money, time, esteem and security and serenity. And, when you disclose your personal interest or desired outcome to others, they will be more likely to trust you.

TRUST IS REQUIRED

"Trust enables you to put your deepest feelings and fears in the palm of your partner's hand, knowing they will be handled with care."

Carl S. Avery

It allows others to do the same and identify and share their desired outcome so they can trust their personal interest with you. When you don't, people become suspicious and may perceive you as manipulating to achieve your selfish goals.

Once you've identified your self-interest, you need to speak with your fellow partner to share your views, hear their views and form a complete picture. Set up the conversation in a non-punishing, collaborative way and be as specific as possible following an "expectation, observation, inquiry, stop" approach. For example, you

could say, "I had expected to have you transfer the Jones account to me, but this transition hasn't occurred yet. Why is that?"

Or, if you're talking to your partner group about a behavior you feel all or some are engaged in, you may need to engage in straight talk to share your view, express a concern or convey an upset, such as, "When we talk to managers or staff about issues that were discussed in partner meetings, I feel that we are engaging in triangulation and not upholding our value of trust and respect because we are violating the privacy and confidentiality of our partner conversations. I fear it is eroding team trust because we are sharing information that is not public knowledge leaving them concerned and unsure about what to do with the information that was disclosed. What can we do as a group to stop this behavior?"

Then, stop and listen to cues and clues from the other party or parties as to what happened on their end. You're looking for the root cause as to why the disappointment occurred so you can begin to generate possible solutions going forward. The situation could have occurred for a variety of reasons, including miscommunication or improperly set expectations, a lack of competency (skill, ability, experience, talent) on the part of the other person, or some sort of intention or motive that the other party has that isn't clear to you or isn't aligned with your own intentions or motives.

When discussing the situation with your partner, it will help for you to make a statement of commitment to the person, the situation or to a common "greater good" such as a client, the firm, your team, a core value, etc. This statement of commitment may be something like, "I am committed that we are able to discuss sensitive issues within our partner group without the risk of non-partners being consulted or brought into the loop prematurely."

If you choose to share your view of the impact the behaviour has, provide specific examples of how the behavior, situation or result makes you feel, such as "I am concerned that sharing confidential information from our partner meetings outside of our group erodes team trust because we share information that is not yet public knowledge, leaving them concerned and unsure about what to do with the information that was disclosed. Further, it erodes our trust in one another and can cause us to withhold and not share freely in these meetings, which would really damage our ability to work as a team."

Then, ask for help in developing a solution to the issue. And, stop and listen again! After you've explored possible options, agree on what you're each going to do to resolve the matter. You may have to have multiple conversations to explore the root cause and express the impacts and reiterate your commitment, especially if it's a long-standing issue, and that can be okay to do so. Consider putting your understanding of the solution in writing, which is critical in professional matters to ensure a complete understanding and it can be used as a basis for future conversation.

Sometimes we can't get comfortable with the motives or intentions of the other party, which can be the most difficult type of straight talk to have. If you are committed to the relationship and want to rebuild it, you'll have to risk sharing your feelings and how it really is for you. You may say something like, "We've had a few

conversations about this and I don't understand what's motivating you and really want to understand it" or "I feel like you're operating more out of your own self interest than in the interest of our team (our firm, our relationship). What can we do to ensure that we're both working for the same common goal and not for ourselves?"

Keep in mind that straight talk is a two-way street and when you delve into what's behind the issues be prepared to look in the mirror and take responsibility for changes you need to make! In your conversation, you both should be asking and discussing:

- Is there a **different way to see or perceive things** with the information from this conversation?
- What could **I** do differently going forward?
- Is there **an apology to make or accept**?
- What **communication mechanisms** can we put in place to ensure that we don't have this misunderstanding or disappointment again?
- How can we **document our new "way of being"** with each other to ensure we're both bought in agreement?

Another wonderful straight talk method is called "keep, stop and start," It applies more to feedback that is invited or expected as in the case of mentoring meetings, performance appraisals or other structured feedback sessions.   Prior to the meeting, consider:

- **What do I most want this person to keep doing?** (things they're doing well or that are of great value)
- **What do I think this person should stop doing that they are doing now?** (things that aren't working or things they need to give up, delegate or relinquish)
- **What do I think this person should start doing that they are not yet doing?** (things that will benefit them, their team or the firm if they take them on going forward)

This is a great exercise to have the other party undertake prior to the discussion, too, so you can both consider your point of views and come to the discussion prepared to share your perspectives about what each other should keep, stop and start doing. It is also something that can be very healthy for peers to consider and then share in a group meeting (like a partner team), encouraging feedback and input from others.   This process invites straight talk into an environment that might not otherwise promote it and can be extremely productive and produce great results. If you don't currently have an open environment where your partner team engages in straight talk, consider using an outside facilitator to guide your first foray into these open conversations. And, as you practice engaging in straight talk with your partners, use the **Performance Feedback Worksheet** (see tools section) to help you organize your thoughts and frame your approach for your conversation in advance of your meeting to provide feedback to your partner.

Providing Formal Partner Feedback

Engaging in straight talk and developing a culture where it is the norm to do so is the most healthy, productive and successful environment to drive partner performance and accountability. In addition to working towards straight talk in your every day conversations with your partners, also consider establishing more formal opportunities to provide feedback, including regular performance reviews for your partners, just as you likely do for your other team members.

Firms have a variety of approaches to formal feedback for partners, including partners being "above being reviewed" (a philosophy that flies in the face of both great leadership and performance), partners receiving 360 degree input on their performance from subordinates, peers, their reporting partner, and even clients, or somewhere in between. When firms experience a phenomenon called "I'm now a partner, so I'm above feedback" in their partner group, this lack of willingness to receive input or be measured can inhibit the progress of your firm and create a feeling of separateness where everyone is out for themselves instead of working together to achieve the firm's goals.

When leaders are committed to "getting better" and a continual process of improvement, it's natural to have a formal performance review and feedback process in place for your partners. You can use the tools in the Owner Development and Performance Development sections of the Human Capital Center to get started or refine your current performance feedback process.

PARTNER FEEDBACK PROCESS

1. Define partner roles
2. Establish annual and quarterly goals
3. Conduct quarterly goal review meetings with each of the partners
4. Conduct annual partner performance reviews that include:
   a. Self-analysis
   b. Upwards feedback
   c. "Supervisor" feedback
5. Check in weekly with partners (i.e. go to lunch, stop by their office, call, etc. to see how they're doing, what you can do to support them and provide feedback)
6. Provide feedback "as needed" throughout the year
7. Continue the process

Your partner performance reviews should be conducted at least annually, typically by the Managing Partner, Service Line Leader or Executive Committee members, and include an upwards feedback component, too, so that you get the full picture of the strengths and areas of improvement for each partner. A customizable **Upward Feedback** form is available in the Performance Development section of the Human Capital Center. Be sure to make it safe for your team members to provide upwards feedback for partners, which may require that you allow them to do so anonymously at least the first year, and as an environment of trust and open communication are fostered in your firm, you can consider whether you need to make the feedback anonymous in subsequent years. You can incorporate the examples provided in the Upward Feedback form into an online survey, using an online survey tool such as **Zoomerang** or **Survey Monkey**, which give you the ability to complete the surveys anonymously and generate pre-established reports so you don't have to manually compile the results. When compiling and delivering upward evaluation feedback, be careful to "scrub" open-ended feedback you receive from self-identifying information if the feedback is delivered anonymously. Also, partners should be asked to commit to view the feedback as "someone's truth" and not

try to find out who said what or punish those they perceive as giving negative feedback, otherwise a fear of retribution will stifle any environment for openness you attempt to create.

The more your partners know each other and are engaged in the trust-building behaviors we discussed earlier, the easier it will be to give performance feedback. Build relationships with your Managing Partner, service line leaders and other niche practice leaders by "checking in" with other partners throughout the week, going to lunch with each other and taking the time to learn about your fellow partners, their interests and outside activities as well as how they're doing at work. When you develop true relationships with each other, engage in straight talk in partner meetings and one-on-one discussions, and you openly discuss "elephant" issues that may be present in your partner group, the more receptive your partners will be to receiving feedback and discussing what they should keep, stop and start doing.

And, to pave the way, volunteer to go first – especially if you are a Managing Partner or service line leader in your firm! Demonstrate courage and vulnerability to receive feedback with the commitment to get better and improve your leadership.   You – and your partners – will likely be surprised by how validating this process can be and how simple many areas that you could stop or start doing are to give up or undertake. If you do have some "history" to clean up with others, it will be a relief when you actually get it out on the table and share how it's been for you. And, it's possible that your partner doesn't even realize the impact that their behavior has had on you, the partner group, your team, clients or the firm.

If you do have specific performance issues that you need to address with a partner, it's imperative that you capture any new commitments or expectations in writing and then schedule a time to check back in to monitor progress. It's the only way to hold your partner accountable for demonstrating new behavior, taking specific actions or producing results. If you don't put your agreed upon understanding in writing and then check back in, memories become fuzzy and actions lose their importance, so change doesn't occur.

Tools for having performance conversations and conducting performance reviews are available in the Performance Feedback section of the Human Capital Center, including **Feedback and Effectively Managing Performance**, **Sample Performance Review Video**, and **Managing Conflict Successfully.** The bottom line when delivering performance feedback is that it is a gift that you give to another that demonstrates your respect and care and concern for that person. When given in this manner, and when it's specific, clear, non-punishing and focuses on growth, it gives both parties the opportunity for open dialogue that focuses on solutions for the future.

5. REWARDING PARTNER PERFORMANCE

Performance is enhanced by monitoring progress along the way against specific responsibilities, areas of ownership and goals and then providing feedback as part of your regular communications. There are many ways to reward the success of those partners who are performing against their stated objectives, including recognition in meetings, increased responsibilities or "special assignments," or fun events to celebrate the success. Ultimately, however, successful performance is measured and rewarded by partner compensation.

> REWARD PERFORMANCE
>
> **"Ultimately, however, successful performance is measured and rewarded by partner compensation."**

Usually, partner groups want to start by changing their partner compensation system, however, that is the tail wagging the dog. A poorly designed partner compensation system will motivate unwanted behaviors and discourage the all-important one firm culture needed to scale your firm and maximize profitability and consistency. A properly designed and well-thought-out partner compensation system built on trust and specific expectations can drive desired behaviors and inspire your partner group to high performance.

A well-designed partner compensation system allows partners to easily understand their potential compensation in advance and how they can affect their compensation both positively and negatively. A good partner compensation system is:

- **Understood** by all (in writing)
- **Simple** (or as simple as possible)
- **Fair** – those who contribute the most get the most and those who contribute the least earn least
- **Trusted**
- Designed to drive the right behaviors (**performance based**)
- **Motivating** and inspiring

A simple and understandable partner compensation system must also be based on clearly stated expectations of what performance is expected and required. Such performance must clearly connect to and support the achievement of overall firm strategy as well as the specific goals assigned to each partner. It's because of these ties to strategy, expectations, and goals that more work is required ahead of sitting down with spreadsheets, formulas, or allocation methods – and this is the work outlined in the sections of this guide that precede this section. These important tasks are often overlooked, leading to the compensation system dissatisfaction many partner groups experience.

The most effective and simple partner compensation systems have the following three elements:

- **Base compensation or draw** – This is the amount paid on a regular (e.g., bi-weekly or monthly) basis to reflect the value of the partner's expected or minimum contribution to the business
- **Incentive compensation** –This is the compensation put "at risk" and paid upon achievement of both individual partner performance and the achievement of the overall firm strategy

- **Return on investment (ROI)** – This is an amount paid to compensate the partner's contribution of financial capital

The first step in establishing effective, performance-based partner compensation is to set up a compensation pool based on financial projections of firm revenues and profits. The next step is to determine "target" compensation for each partner based on the "value" assigned to various partner roles, such as client service partners, service line leaders, business developers, and the managing partner. This step is critical to the perceived fairness of partner compensation, and this is based on the philosophy that all partners are not created equal. Some contribute more overall value to the firm than others – in terms of current production or future capacity -- -- and they should be paid more accordingly.

While there is no "perfect" split between base and incentive compensation, too little at risk will drive undesired behaviors, and too much at risk, especially in the first year or two of a new system, may cause too much fear and uncertainty to be of value. The Reward & Compensation & Incentive section of the Human Capital Center offers a **Pay for Performance Learning Guide** and **Sample Compensation Philosophy** to help you devise and communicate your compensation plan. In general, a split of 80% base and 20% incentive is an ideal target to shoot for. The payment of incentive compensation should be subject to the indisputable achievement of specific, measurable, one-size-fits-one goals that are established for each partner each year and documented in writing. To be eligible to earn incentive compensation, each partner should be required to meet specified minimum performance expectations around total hours, charge hours, revenue contribution, attending partner meetings, being a good citizen, getting billing done, managing WIP, and driving collections.

Firms must decide whether incentive compensation will be paid on pass/fail or percentage complete basis. Decisions are also required regarding what to do with incentive compensation monies that are not earned, for example distributing any "leftover" amounts based on ownership equity or only allowing those who met their incentives to share in that unallocated pool. A template partner compensation plan, the **Sample Partner Win-Win Agreement**, is available along with a **Sample Compensation Philosophy** and **Desired Outcomes of New Comp System Template** in the Reward & Compensation & Incentives section of the Human Capital Center to help guide your partner team in these very important discussions.

Making changes to your partner compensation system must be transitional. Partners need the time and opportunity to adjust to the level of performance required to earn their incentive compensation or adjust their lifestyle in accordance with lower anticipated earnings going forward.

Partner compensation is both the "driver" and "end result" of an effective partner accountability model. When you apply these concepts, you will transform your partner compensation system so that it rewards partners for both individual and overall firm success.

NEXT STEPS AND ACTION PLAN

In this guide, we have explored the elements required to enhance partner performance and accountability in your firm, including:

- Understanding and sharing the Leadership Accountability Model™ with your partner team and determining which elements you should implement or refine first

- Identifying how your partner team is doing in the area of trust – starting first by you taking the Trust Self Assessment and then having each partner complete it and exploring your findings at a partner meeting

- Working to restore trust where necessary, identifying the trust-building behaviors you need to most improve individually and as a partner group

- Defining – or refining – and documenting your firm's strategy, reviewing it at every partner meeting and sharing it with your team with regular updates against it throughout the year

- Identifying one owner for each of the functions, service lines, offices and other key initiatives in your firm

- Defining each partner's roles, outlining their duties and responsibilities, based on what they each own and minimum partner expectations, in written role descriptions

- Developing 3-5 goals for each partner on an annual basis and returning and reporting status at least quarterly in your partner meetings

- Engaging in straight talk with your partner group about performance – celebrating success and addressing areas where you're off track

- Evaluating partner performance formally through annual performance reviews, including upward evaluations

- Rewarding performance by developing a performance-based partner compensation system

To begin, use the **Action Plan** and choose one area that will have the biggest impact on partner performance and accountability and plan to focus on it first. If you haven't defined your strategy – or your partner team isn't unified around it - start there so that your partner team is focused on a singular vision and headed to the same destination together. Then, define each partner's contribution towards achieving that vision by defining ownership, documenting each partner's role and responsibilities, defining governance and setting (and evaluating) annual goals. Establish return and report methods to hold each other accountable for the commitments and goals you set for your areas of ownership and the overall goals for the firm.

The wonderful result of your firm's investment in these important partner performance and accountability elements will be the ability to trust that your firm's processes for assigning responsibility and ownership, defining expectations and goals, and evaluating and rewarding performance are fair. And, even more importantly, you'll be able to trust in each other, as true partners, to contribute your expected time, talents and effort to drive your firm's success – now and in the future.