

## Collaboration and Compensation (Part 2)

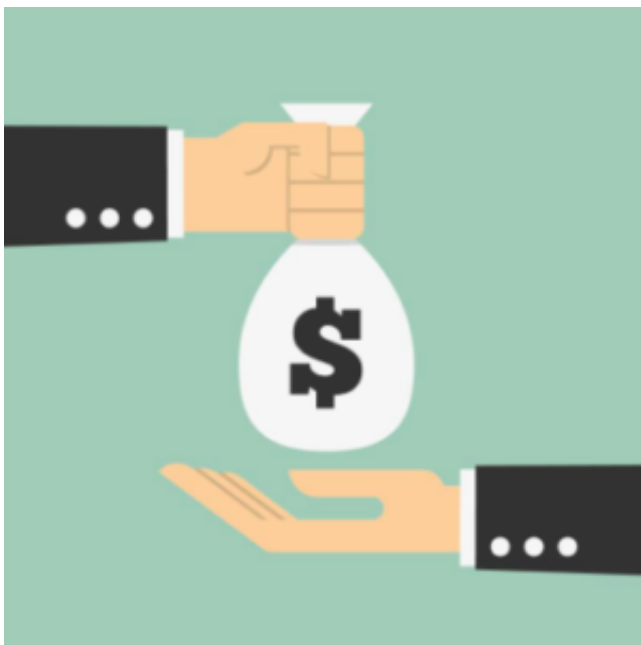
By David Cruickshank

This article was originally published in the [October 2014 issue of Edge International Communiqué](#).

### **Collaboration-evaluation tools can help law firms improve teamwork outcomes**

[Last month, in Part 1 of this article, I discussed how to measure external business development collaboration.](#) I now discuss internal teamwork, and how to assess all collaboration factors in compensation.

### **Internal Collaboration**



To get beyond individual opinions and self-appraisal, there are three types of measures now in use in high-performing law firms.

First, upward reviews, held every one to two years, will yield data about partners and supervising lawyers. Upward review questions often ask associates to rate the team leadership, communications and collaborative planning skills of senior lawyers. The answers, if consistent over two upward reviews, will help a firm identify its high-collaboration lawyers — and provide training and coaching to the lowest-ranking lawyers.

Second, by taking an important step in legal project management (LPM), you will get collaboration input from clients. In our LPM workshops, we stress the use of the post-project review. After closing the matter, interview your clients about what worked and what needs improvement. Did your law firm seem to the client to be acting as a team, or as disconnected individuals? How did any collaboration provide value to the client? If we track these answers across multiple closed matters, we will have a measure of client satisfaction with collaboration.

Third, many firms use individual partner interviews during the year-end compensation process. Here, you need to ask questions about the teamwork exhibited by peers. Who has broadened a team and shared client contacts in order to improve quality results? What are some leading examples of collaboration by peers in work production and in cross-practice and cross-geography activities? Converting these answers into a simple “high-medium-low” ranking will give the compensation committee an independent measure compared to the partner’s self-appraisal.

### **Counting for Collaboration in Compensation**

If you want your lawyers to measure all this, how can you demonstrate that it is valued at compensation time? First, you need to

have a system that has a bonus component, a formula or a balanced scorecard that contains “firm investment” factors. These are often seen as “subjective factors,” though we prefer the term “qualitative factors” in partner assessment. However, by using data-driven measures of efforts and results, you can begin to “objectively assess” collaboration.

Second, collaborative activity has to be broken out from other activities (e.g. collaborative vs. individual business development). Next, the components of collaboration have to be defined and held constant for a few years. Imagine, for example, that you could compare a partner’s teamwork rating over three upward reviews. You could see a trend up, down or holding steady.

The third challenge is to weigh the various components within collaboration, then weigh collaboration along with other qualitative factors. This process is often communicated to partners as a holistic approach — many contributions can receive weight and we can consider them all. I believe that firms can do better. They can:

- announce that the separate collaboration factor has strategic importance and that it is going to receive at least equal weight as a firm investment activity, and
- state that data-based evidence of collaboration (and successful results) is going to receive more weight than individual opinions and efforts. For example, the result of “landing two new matters after a team pitch” will get more weight than the effort of “20 hours of meetings with internal team.”

We have a ton of anecdotal evidence that collaboration produces better business performance in law firms — not by itself, but together with good governance, leadership, talent management and sound strategy. If more firms measure and reward collaboration using some of these “best practices,” we may also discover a better data-based answer about the impact of collaboration.

[David Cruickshank](#) *advises firms on talent development, leadership and compensation. He has worked on modern compensation plans that reward collaboration and people skills.*