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## Equity points for top performers

Traditionally law firms have not wholeheartedly embraced systematic methodologies for the selection of their partners. In the past, decisions in many law firms were all too often made on emotional grounds, ranging from fear (“he/she will leave unless we promote him/her”) through to implicit blackmail by a power partner insisting on promoting one of his or her team members. More recently, law firms formalised their processes and have developed promotion criteria, usually based on hard measurable data for revenues, hours and originations. Particularly at lateral hire level, this often resulted in a seemingly irresistible business case based on performance, while soft features – including qualities such as integrity, openness, drive, commitment, leadership, and the ability to inspire trust – were often given scant regard.

These difficulties are not confined to the world of legal services. As Former GE CEO Jack Welch, puts it, “Your goal in hiring is to get the right players on the field...It’s so easy to hire people like you. After all, you’ll be spending the majority of your waking hours with them...But friendship and experience is never enough. Every person you hire has to have integrity, intelligence and maturity.”

The problem is that these matters are difficult to assess, although judgments can be made about people who have worked with you for some time.

### What equity should achieve – 20 objectives

It is clear that the promotion of partners to equity status is a vital element in the firm’s equity structure. This structure must be linked to the firm’s overall strategy and therefore must achieve the following:

1. Identify the areas where the firm must perform as a whole in order to achieve its strategic and economic



2. Ensure that remuneration levels match contributions to the strategic objectives of the firm, as well as the maintenance of cultural values;
3. Recognise and reward long-term growth towards strategic objectives rather than just short-term results;
4. Encourage partners to support new ventures and develop new services in line with objectives;
5. Encourage, motivate, value and reward high achievers that are critical to the firm’s strategic success and who contribute to an exceptional level;
6. Manage and develop performance in the broadest sense in all performance areas;

7. Sustain concepts of teamwork between partners with greater collective responsibility for the performance of practice areas;
8. Encourage and reward the most capable partners to lead the firm and practice areas as effectively as possible;
9. Reflect the values of the partnership and cohesion of the firm;
10. Value performance that contributes to the sustained growth of the firm and a ‘one firm’ approach;
11. Embrace a firm-wide approach to enable partners in different practice areas to be rewarded on a consistent basis;
12. Discourage maverick behaviour;
13. Clarify the differing roles of partners as working lawyers, producers, managers and owners;
14. Enable the firm to attract and retain partners of the highest calibre and introduce partners from other firms;
15. Be linked to internal training and review processes which supports partners’ development and improvement in performance;
16. Recognise that partners have different qualities and should be encouraged to focus on areas where they have strengths while contributing in all areas;
17. Link with the firm’s career development structures for its professionals;
18. Achieve clarity in the processes for reviewing/appraising partners and setting objectives;
19. Define the requirements and appropriate performance levels for partners at each stage of progression on the firm’s lockstep ladder or partner career structure, both qualitatively and quantitatively;
20. Identify the data and evidence that will be collected and used to measure performance. <sup>mp</sup>

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