

# EDGE International Review

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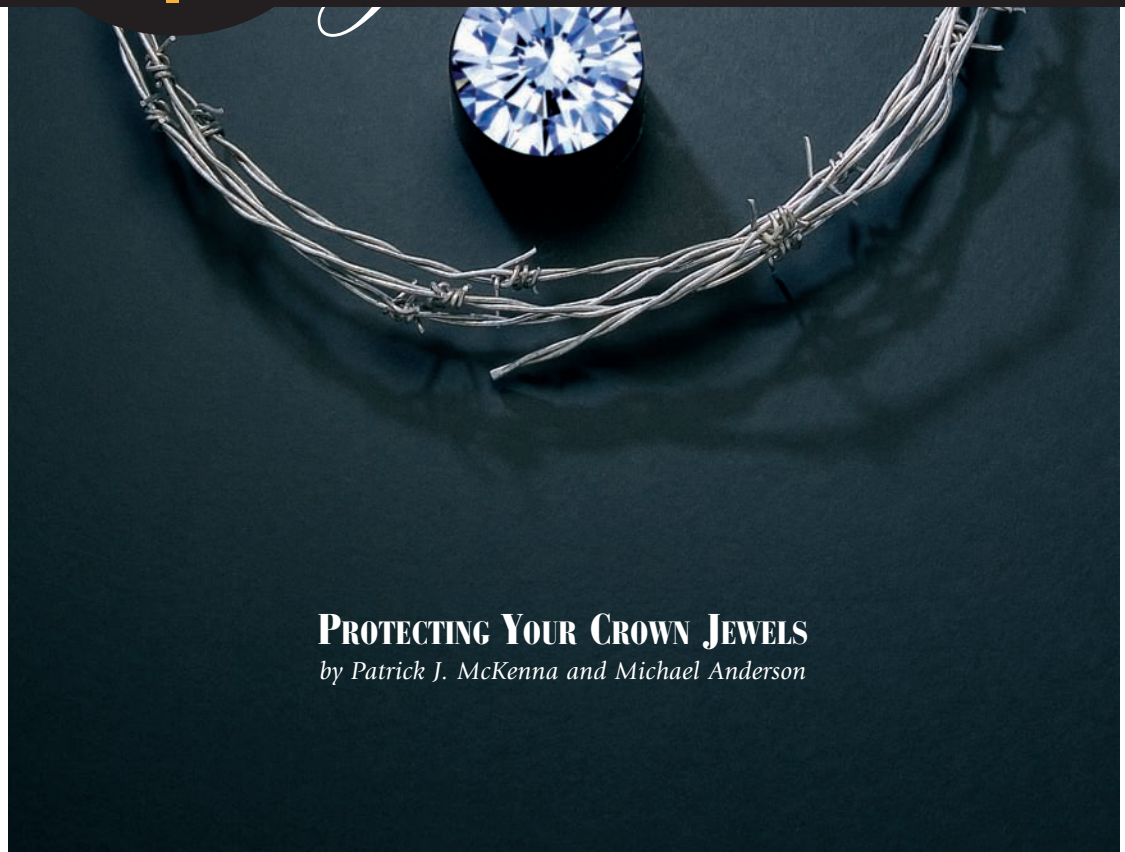
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**W**E TEND TO MAKE INFORMAL VALUE JUDGMENTS ALL THE TIME ABOUT OUR PARTNERS AND POTENTIAL PARTNERS. QUESTIONS LIKE, “DO I LIKE HIM?,” OR “DO I RESPECT HER?,” AND “WHAT IS SHE GOOD AT?” ALL REQUIRE EMOTIONAL OR, AT LEAST, UNSTRUCTURED RESPONSES.

# Valuing — and

BEYOND THE ELEPHANT TEST!

In recent times, these somewhat informal judgments have become more formalized as they often establish the basis for partner recruitment, promotion and reward. After all, there ought to be a better way of identifying the ideal partner beyond the “ELEPHANT TEST” – a creature which is hard to describe, but instantly recognizable when spotted.

But, in their efforts to make such assessments more open, transparent and clear, law firms are finding that instead of offering comfort and clarity, formalized assessment processes can fuel fear, uncertainty and even paranoia. In addition, the introduction of defined performance criteria and methodologies can be laborious and tedious to introduce and administer.

After all, nobody likes being judged or assessed and lawyers – despite (or maybe because of) their familiarity with the judicial process – are no exception to this. I frequently found in my days as a Managing Partner that any attempt to point to a shortcoming or area for improvement in a partner was frequently met by a request for hard evidence to support my view of the partner concerned. Nevertheless, in all discussions about partner value and performance, at various stages views have to be taken as to how each partner is doing in relation to other partners. This imperative is not confined to discussions about promotion, profit sharing, remuneration and compensation, but has become an essential part of law firms’ internal risk and quality management; it is vital to know whether all lawyers are meeting standards.

In this context, law firm leaders have at last moved their focus beyond financial and technical performance; they have realized the importance of developing (and recognizing the value of) management and leadership skills in their partners. This recognition is somewhat patchy and inconsistent and there is often a mismatch between what law firms say they value in their Partners (in terms of behaviors, skills and competencies) and what they reward (often by recognizing and rewarding billing efforts mainly or exclusively). The problem (of how partners are valued) is compounded by the difficulty of judging soft areas of performance (such as people management and holistic client care) as compared with the relative ease of measuring the billable hour and its conversion into cash.





# Judging Partners

## ASSESSMENT PRINCIPLES

There are, however, three main principles which need to be taken into account.

**FIRST**, it is vital to recognize exactly what and why law firms should take into account in the area of performance management. Law firms tend to look at the different areas of management in their firm and define their expectations in terms of the behaviors, indicators, goals and outcomes which they would expect to see in those critically important areas of performance. Thus, firms may talk about People Management Skills, or Business Development Skills. In truth, "People Development" or "Business Development" are not specific skills in themselves, but situations or contexts within which certain skills or competencies

are needed and employed.

Those underlying skills and characteristics – some of which are shown in the box opposite - which are needed to meet the firm's outcomes and goals in the principal areas of performance tend to become (for the law firm at least) part of the sub-text. This makes it all the more important for the individual partner to gain a deep understanding of those attributes which he or she needs to develop in order to attain the firm's objectives.

The **SECOND** point or principle forms more of a common focus for both the firm and the

individual partners. That is, that there is no "one size fits all" set of management skills and competencies which applies to partners at all levels. A recently promoted partner often has little experience of managing teams and major clients and is usually promoted because of technical achievements

### SKILLS AND COMPETENCIES TO LEARN AND DEVELOP

- Social/interactive skills
- Communication/listening skills
- Emotional intelligence & resilience
- Analytical skills
- Mental agility
- Creativity
- Coaching skills

### CHARACTERISTICS TO DRAW OUT AND HONE

- Humanity, humility, sensitivity
- Drive, purpose and proactivity
- Integrity and consistency
- Discipline and rigour
- Gravitas/respect
- Continuous and balanced learning
- Intellectual horsepower

rather than management acumen.

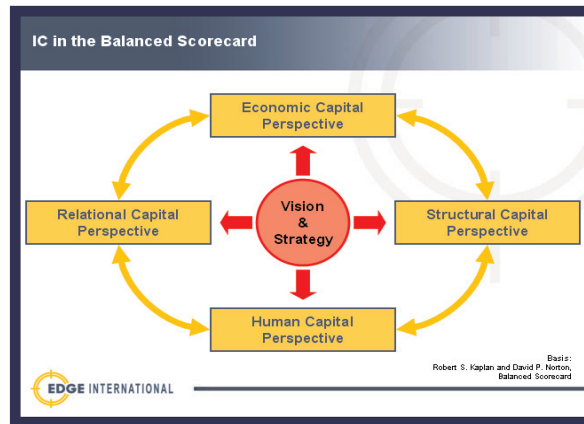
Partnership should be seen as an ongoing virtual academy within which skills and competencies can be developed across the management and leadership spectrum, from a base level through an intermediate level to an advanced state of leadership and management ability. The dual objective is achieved when the firm's goals for development are matched by the individual's aspiration to progress and improve.

The **THIRD** point or principle is that if partners are going to be judged or scored, the areas of performance to be assessed should be aligned with the firm's strategy, structure and context. In other words, what is appropriate in a large firm with huge leveraged teams will almost certainly not hold good in a medium-sized partner-intensive outfit. Furthermore, the indicators of success (or otherwise) should be as precise and measurable as possible. These areas of performance should be sufficiently detailed and clear to enable as great a degree of fact and objectivity as is possible in an arena littered with emotion, history and personalities. By way of example, the use of terms such as "satisfactory" or "exceptional" is unhelpful as it begs a whole heap of essentially subjective questions of opinion, definition, and quality. Consider, for instance, the requirement that a partner should be good at networking. Anybody considering such a requirement will have their own idea of what that might mean and will form a view which will largely depend on their own experience and view of others both inside and outside their own firm. To provide greater clarity and flavor, it is better to drill down to a deeper level. The next level down might very well say, "She evidences a wide network of useful contacts which is regularly maintained and consistently exploited." Conversations can then take place about the detailed extent of the network and how that might result in the development of further clients. This can then also lead to a positive discussion about how

the partner can develop and improve.

### THE BALANCED SCORECARD

The Balanced Scorecard is a methodology to align an organization's everyday operations to its long-term strategy. Its purpose is to translate vision and strategy into all the actions that the organization undertakes. This is done by looking at desired results from certain perspectives. For law firms, we suggest changing the basic model (suggested by Balanced Scorecard authors Kaplan and Norton) in two ways. First, we have aligned the model to reflect the concept that the main constituent assets of law firms are elements of Intellectual Capital, rather than tan-



gible assets. Second, we have developed the Balanced Scorecard methodology to fit the environment in which lawyers develop their careers by serving their clients, processing their work, and making profits.

Hence the perspectives are:

- ☉ **Relational Capital (Clients):** how well we develop our relationships with the outside world
- ☉ **Human Capital (People):** how well we develop the capabilities of our lawyers
- ☉ **Structural Capital (The firm as an ongoing institution):** how well we develop the "way things are done

around here" - workflows, processes, and knowledge management

- ☉ **Economic Capital (Financial contribution):** how well we combine our intellectual capital to achieve financial and commercial success

Strategy can only be implemented by a law firm's partners and its employed lawyers if they perform not just financially but in all four areas. This is best promoted by formulating personal scorecards - made up of personal targets and initiatives that contribute to the success of the firm and its practice areas.

The personal scorecard also aligns the ambitions of the individual lawyer with those of the firm, by including targets for role requirements and competency development.

The methodology behind the Partner Development Grid is:

- ☉ **To set a baseline level of performance which every partner should be expected to achieve**
- ☉ **To recognize that a partner's overall contribution to the firm is not just what he/she contributes by way of financial performance**
- ☉ **To align the way partners are assessed (and valued) with the BSC, by developing a Career Development and Performance Grid in all four areas of Performance**
- ☉ **To recognize that all partners should develop over time from junior partners with a basic level of skills, competencies and accomplishments to the extreme level of excellence associated with the perfect role model of the truly awesome partner**

**THE PARTNER DEVELOPMENT GRID**

We have recently been working with a number of firms on a Balanced Scorecard approach. Our methodology requires in the first place a comprehensive study of the behaviors and accomplishments that are expected and valued of partners at every level in the firm. We have found that this then results in the establishment of criteria which are aligned not only to the firm’s assessment processes for promotion and rewards criteria, but also to the firm’s overall strategy and objectives. The creation of a Partner Development Grid will normally then identify up to four tiers of partner - new partners, intermediate partners and experienced partners (with a fourth aspirational level to describe the truly exceptional role model).

In developing their plans to advance their careers and contribute to the firm, partners would be expected to show two things. First, they would be expected to show how they have performed and what they have accomplished for their level of seniority. At entry level, for example, the indicators might suggest that a partner should show evidence of training and education both undertaken and planned in order to achieve deeper specialization and industry knowledge. The second, and perhaps more important, point to be shown by partners is that they

are striving to improve and are working towards higher levels or grades. The levels become more demanding, as partners gain experience and seniority. Ultimately, a partner might be expected over the course of time, for example, to be able to show evidence of exceptional fame - perhaps to be recognized nationally and internation-

development, backed up by focused training and coaching.

**CONCLUSION**

We are suggesting that firms should be seeking to move from informal, unfocused, subjective and opaque methods of judgment to a methodology which is clearer, more transparent and objective. Some subjective judgments will still be inevitable; qualities such as integrity, openness, drive and dependability are all difficult to rate. To work effectively, a Balanced Scorecard methodology must be aligned to the firm’s long-term structure and intellectual capital and sufficiently detailed to provide a clear framework for assessment

and improvement. If it achieves such alignment, then most partners will be closer to answering a critical question on the minds of most partners: “What do I have to do to succeed around here?”

*The win-win from what can otherwise become a laborious process can only be obtained if the methodology of a personal Balanced Scorecard is used for both assessment and development.*

ally, or named in one or more Directories as a leading expert. This developmental dimension to the scorecard therefore stresses the external elements of the criteria; this should not only be an internal performance assessment methodology, but an important tool to help focus partner development and ambition.

What we are seeing in some cases is that firms may be using a balanced scorecard methodology for performance assessment, but are failing to align it to their objectives

and overall development needs. The win-win from what can otherwise become a laborious process can only be obtained if the methodology of a personal Balanced Scorecard is used for both assessment and

LEVEL OF PARTNERSHIP			
<p><b>Entry Level Partner</b></p> <p>In experienced in many management skills but with a baseline ability and both the potential and desire to improve. Performing well particularly in financial terms.</p>	<p><b>Intermediate Level Partner</b></p> <p>Has gained overall experience and skills across the Balanced Scorecard: fulfilling early promise and contributing well to management of the firm in a number of areas. Still eager to learn.</p>	<p><b>Experienced Partner</b></p> <p>Partners who consistently contribute to the management and leadership of the firm and perform strongly in most areas on the BSC; partners who are core to the firm.</p>	<p><b>Exceptional Role Model</b></p> <p>Reserved for the “Best in Class” Partners who are achieving fame and recognition in key areas on the BSC—partners who have moved from good to great.</p>



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